

The Incorporated Accountants' Journal

The Official Organ of
The Society of Incorporated Accountants and Auditors

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Contents.

	PAGE
Professional Notes	305
Society of Incorporated Accountants and Auditors:—	
Annual Meeting (Article)	307
Annual Meeting (Report of Proceedings)	310
Annual Meeting (Annual Report)	322
Membership	328
Course at Cambridge	311
Council Meetings	312
Availability of a Bankrupt's Income (Article)	309
Features of Fixed Trusts (Article)	309
Correspondence: Poverty and Plenty	311
Obituary	313
Society of Incorporated Accountants in Ireland: Annual Meeting	313
Probate Copies from District Registries	314
Income Tax on Dividends	315
Professional Appointment	315
Finance Bill	326
Changes and Removals	327
Conference of Branches and District Societies	328
Economics and its Principles: Lecture by Mr. W. H. Coates, B.Sc.	329
Questions in Parliament	335
Reviews	336
District Societies of Incorporated Accountants	336
Scottish Notes	339
Legal Notes	340

For June & July	100% of the basic quota
„ August & September	90% „
„ October & November	80% „
„ December	70% „

It is understood that these monthly percentages will not be rigidly adhered to, but that an excess or deficiency of exports during any one month may be adjusted in a subsequent month up to December 31st, 1934. When the restriction announcement was made the price of rubber rose in a few days from about 6d. a pound to over 7d., but has since fallen back to the pre-restriction price and shares in rubber companies have generally followed the movements of the commodity.

The report of the Chief Registrar of Friendly Societies deals with the work of his office under the Building Societies Acts during the year 1933 but the figures relate to the year 1932. At the end of that year the number of Societies on the register was 1,014, the number of share investors was 1,692,000, depositors 546,000, and borrowers 869,000. The amount advanced on mortgages during the year amounted to £82,000,000, whilst the balance due on mortgages at the end of the year was £388,000,000, and the total assets £469,000,000. The source of these assets was represented as to 81 per cent. by share capital, 13 per cent. by deposits, 1 per cent. by loans, and 5 per cent. by the balance of profit and reserve.

Sir Harold Bellman, speaking from the chair at the annual conference of the National Association of Building Societies held at Harrogate last month, said that in recent years building societies had administered a net sum equivalent to over 10 per cent. of the nation's War savings and that they were now the custodians of savings amounting to £501,000,000. The amount advanced to borrowers

Professional Notes.

At a meeting of the Council of the Society of Incorporated Accountants and Auditors held subsequent to the Annual General Meeting, Mr. E. Cassleton Elliott (Messrs. E. Cassleton Elliott & Co.) was unanimously re-elected as President of the Society for the ensuing year, and Mr. R. Wilson Bartlett (Messrs. Walter Hunter, Bartlett, Thomas & Co.), Newport (Mon.) and Cardiff, was unanimously re-elected Vice-President.

Following the announcement at the beginning of last month of the agreement of a scheme for rubber restriction, the International Rubber Regulation Committee held their first meeting about a week later, when they fixed the amount which each territory may export, as follows:—

in the year 1933 was £103,000,000, which represented an increase of over 25 per cent. on the preceding year and constituted a record.

Referring to the 5 per cent. rate of interest charged to borrowers on their mortgages, Sir Harold Bellman said that prudence warranted the maintenance of the 5 per cent. rate for the present, especially as the commitments on mortgages were of a long term character, and that it was necessary to have regard to the stability of the financial structure of the building societies no less than to that of social policy.

At a recent meeting of the Judges of the Supreme Court a recommendation was made that the long vacation for the year 1934 should be shortened so that the Michaelmas Sittings should commence on October 2nd. This follows the recommendation of the Business of the Courts Committee. Last year the Judges decided to support the recommendation of the Committee for one year only, but the necessary Order in Council to continue the shortening of the vacation for another year is now being issued.

Speaking at a dinner held at the Mansion House, London, Lord Hanworth, the Master of the Rolls, referred to the valuable work of the Committee which had been dealing with judicial procedure. Its first interim report, he said, was received with general acceptance, and they had to thank the Lord Chancellor for having succeeded in getting the best of its recommendations placed on the Statute Book. Apart from the saving of expense by the abolition of grand juries, the procedure in Crown cases had been modified and simplified, and the Crown had been put on the same basis with regard to costs in litigation as in an ordinary action between subject and subject. The Committee has now issued a second interim report, which is meeting with some criticism.

A rather nice legal point has been decided by the Court of Appeal in the case of *Simpson (Inspector of Taxes) v. Grange Trust, Limited*, relating to the allowance of management expenses for Income Tax purposes. By the provisions of sect. 33 (1) of the Income Tax Act, 1918, any company whose business consists mainly in the making of investments, and the principal part of whose income is derived therefrom, proves that for any year of assessment it has been charged to tax by deduction or otherwise and has not been charged in respect of its profits in accordance

with the rules applicable to Case I of Schedule D, the company shall be entitled to repayment of so much of the tax paid by it as is equal to the amount of tax on any sums disbursed as expenses of management; but there is a proviso that relief shall not be given under the Section so as to make the tax paid less than that which would have been paid if the profits had been charged in accordance with the Case I rules.

The company claimed relief in respect of management expenses under the provisions above referred to, but the Inspector of Taxes objected to the claim on the ground that the amount of tax paid by the company was less than the tax which would have been paid if the profits had been charged in accordance with the rules applicable to Case I of Schedule D and that the proviso to sect. 33 (1) mentioned above accordingly applied and no relief was therefore due.

The Court decided in favour of the company. The Master of the Rolls in delivering judgment said it was argued by the Crown that there could be a notional assessment under Case I of Schedule D although that case was not appropriate to the particular company; but this he considered was an arbitrary course. The company did not carry on a trade and had nearly all its income taxed by deduction. It would therefore be difficult to apply the rules applicable to Case I, and in any case to do so would, in his opinion, be to do what the House of Lords in *Osmond Investment Company v. Betts* had said ought not to be done. When once it was borne in mind that there were some cases in which there would be an option to charge under Case I of Schedule D, he thought a meaning should be given to the proviso limiting it to cases where such an option existed.

In a prize essay competition on the subject of "Test Methods in Auditing," organised by the Incorporated Accountants Students Society of London, no less than 60 essays were submitted for adjudication. Two competitors were bracketed for the first place, namely, Mr. C. Waller, a practising accountant, and Mr. H. Owen Fowler, an articled clerk, and both have been awarded prizes. It was originally intended that there should be only two prizes, but it was arranged to give a third prize to another articled clerk, Mr. Roy D. Albury, whose essay was favourably regarded by the adjudicators. Five more of the essays were commended, namely, those of Mr.

A. F. Davies, Mr. Edward J. Harris, Mr. W. G. Chapman, Mr. J. E. Field and Mr. H. A. Barrell.

The speech of Mr. Havenga in introducing the Budget for the Union of South Africa gave some interesting information with regard to the taxation of gold mines and the application of the income derived therefrom. He said that the Government would adhere to its undertaking that for three years it would not take in excess profits duty and income tax more than 50 per cent. of the excess profits accruing to the gold mining companies from the depreciation of the currency, and that modifications would be made to remove anomalies in the taxation of gold mines.

The Government, he said, was not prepared to commit itself to recurrent expenditure based on the maintenance of the huge profits of the mining industry. It was possible that the relative world scarcity of gold would prove to be a permanent influence on prices when other causes of the lower price level had spent their force, and in that case South Africa, as the principal producer of gold, would gain an advantage in international trade. Mr. Havenga, however, felt it necessary to utter serious warning against a policy of free spending based on the assumption of permanence in the higher price of gold in relation to other commodities.

The chairman of Lloyds Bank, Mr. Beaumont Pease, speaking at a luncheon of the British Engineers Association, said the average man was inclined to attribute some of the misfortunes of recent years as being due to bankers and the banking system. Banks, he said, were supposed to have unlimited power but all they could do was to lend customers' money to the best advantage. No doubt they made many mistakes—lending sometimes to the undeserving and refusing sometimes to the deserving and getting blamed each way—but banking was at present on a competitive scale, and if the five big banks all refused to assist someone it might safely be concluded that that person was not credit-worthy. The problem was not that there was not enough money in the world or in the country, but that the waste of war, over borrowing, inventions of science and Government subsidies had upset the equilibrium.

Addressing the Prosperity League on Monetary Reform and Foreign Trade, Mr. Leigh, the Secretary of the London Chamber of Commerce, said that the Gold Standard never worked even before the War. It existed because it was not asked to work; whenever it was asked to do so it broke

down. The meeting passed a resolution calling on the Government to set up a committee to investigate the fundamental principles which should govern the monetary system with a view to its reform in the interests of both producers and consumers. It may be added that among those who are regarded as the best authorities there are widely divergent views on the currency question.

THE SOCIETY'S 49th ANNUAL MEETING.

WE publish this month the 49th Annual Report and Accounts of the Society of Incorporated Accountants and Auditors, together with a report of the proceedings at the Annual Meeting. The membership at December 31st, 1933, totalled 6,151, consisting of 1,471 Fellows, 4,677 Associates and 3 Honorary Members. This represents an increase of 241 on the preceding year, of which increase 22 were Fellows and 219 Associates. At the 1933 examinations 1,950 candidates presented themselves, of whom 919 passed and 1,031 failed. The proportion of passes in the Intermediate and Final examinations was 46 per cent. and in the Preliminary 54 per cent. The Revenue Account of the Society shows a surplus of £1,777 after providing the usual instalment of reserve for debenture redemption and charging the expenses relating to the International Congress on Accounting amounting to £1,455. Apart from the Congress expenses the result would have been almost the same as in 1932.

In his Address to the members, the President of the Society, Mr. E. Cassleton Elliott, discussed a number of subjects of interest not only to the accountancy profession but to the commercial public, showing that the Council was active in regard to questions concerning the management and control of public companies, as well as other matters of general interest. After expressing the regret of himself and his colleagues at the resignation from the Council of Mr. G. S. Pitt on account of ill-health and referring to his work for the Society, particularly during his presidency when the acquisition of Incorporated Accountants' Hall was negotiated, he referred to the death of Mr. Ernest Kerr, a member of the Council, who, he said, took a lively interest in the Society's work, especially in the Midlands where he carried on his practice.

Passing to the important event of the year in accountancy circles, namely, the Fourth International Congress on Accounting, the President said that Incorporated Accountants were rightly proud of the substantial contribution

they had made to the development of the profession in Great Britain and in the Dominions. The Congress, he said, was characterised by a friendly spirit of co-operation amongst all the bodies who acted as hosts, and the contributions to the proceedings from the numerous countries represented brought out different aspects of accountancy problems. On no previous occasion had the whole of the accountancy profession presented itself to the public in so comprehensive a manner.

In referring to the passing of the Municipal Corporations (Audit) Act, 1933, Mr. Elliott said that it paved the way to the final elimination of an anachronism which the Municipal Corporations Act of 1882 had left on the Statute Book, namely, the election of Borough Auditors who frequently possessed no professional qualifications whatever. Whilst expressing the hope that the Act would not lead to any increase in official activity in regard to the audit of municipal accounts, he regarded it as satisfactory that corporations were now free to choose their auditors without the necessity of obtaining express Parliamentary sanction.

After explaining at some length the developments which had taken place in accountancy matters in South Africa, the President expressed his acknowledgment to the South African Committees for their sustained interest in the affairs of the Society. It is gratifying to know that the negotiations have resulted in an arrangement satisfactory both to the South African Societies and to the Society of Incorporated Accountants.

Next year the Society of Incorporated Accountants will attain its jubilee, and steps are being taken to celebrate the occasion in a manner befitting the position which the Society holds in the estimation of the public, a position which was substantiated in the Courts 27 years ago, when Mr. Justice Warrington (now Lord Warrington) delivered judgment on the exclusive right of the Society to the designation "Incorporated Accountant."

The Arbitration Act which was passed last month was briefly referred to, and members of the Society were advised to give the new Statute careful consideration, as it made many improvements in procedure which would tend to make arbitration more popular for settling the class of disputes which involved matters of account and business as distinguished from questions of legal interpretation.

Mr. Cassleton Elliott next referred to a new development in professional education in accountancy by the arrangement which had been made for a short Incorporated Accountants' Course

at Cambridge early in July. The arrangement, he said, was designed for those who had qualified as Incorporated Accountants in recent years, and was characteristic of the initiative and progressive spirit of the Society.

On the subject of company management and the audit of company accounts, the President said that the best professional practice was in advance of the minimum requirements of the law, and, while auditors were not concerned in the management of companies, he desired to emphasise that they were always available for consultation and were prepared to give the directors their best advice upon financial matters when asked to do so. Mr. Cassleton Elliott's predecessor in office, Mr. Henry Morgan, took a very active part in the preparation of the report issued by the Council of the Society in 1932 concerning amendments which they regarded as necessary in the law relating to companies, and it is somewhat disappointing that the Government have not so far seen their way to deal with the recommendations contained in that report.

Another aspect of the relation of professional accountants to business affairs was referred to by the President, namely, the assistance they were in a position to give in regard to financial matters, and he considered that the Board of a company was always strengthened by the inclusion of an accountant as one of its members. There is little doubt that this is becoming more and more recognised.

The discussion which followed the President's address showed that both he and the Council had the unqualified support of the members, who were obviously appreciative of what the Council had done; and special emphasis was laid by several speakers upon the activities of Mr. Cassleton Elliott in relation to the affairs of the district organisations.

The motion for the adoption of the Report and Accounts was seconded by the Vice-President, Mr. R. Wilson Bartlett, and carried unanimously, after which the retiring members of the Council were re-appointed, and two new members, namely, Mr. Albert Stuart Allen, Fellow, London, and Mr. John Paterson Brodie, Fellow, Stoke-on-Trent, who had been elected by the Council to fill vacancies, were also re-elected.

Mr. Arthur Henry Hughes, London, was re-appointed as one of the Auditors of the Society, and Mr. Alexander Hannah, Liverpool, was appointed in the place of Mr. Robert Heatley, of Manchester, who on account of ill-health did not seek re-election. The proceedings closed with a cordial vote of thanks to the President for his address and his services to the Society.

AVAILABILITY OF A BANKRUPT'S INCOME.

To what extent the income of a bankrupt vests in his trustee and is available for creditors is a problem of some complexity, and a fresh case on the point was the subject of a judgment of the Court last month. Sect. 38 of the Bankruptcy Act, 1914, declares that the property of a bankrupt which is divisible amongst his creditors shall include all such property as "may be acquired by or devolve on him before his discharge," and sect. 167 declares that the term "property" includes money, goods, things in action, land and every description of property. Under these sections it would appear at first sight that the income of a bankrupt is divisible amongst his creditors. Moreover, since sect. 18 declares that upon adjudication the property of the bankrupt shall become divisible among his creditors and shall vest in his trustee, it would appear that the trustee is entitled to the bankrupt's income. On the other hand, sect. 51 (2) states that "where a bankrupt is in receipt of a salary or income, or is entitled to any half-pay, or pension, or to any compensation granted by the Treasury, the Court, on the application of the Trustee, shall from time to time make such order as it thinks just for the payment of the salary, income, half-pay, pension, or compensation, or of any part thereof, to the Trustee, to be applied by him in such manner as the Court may direct."

The manner in which these various sections should be reconciled with one another is not altogether free from doubt. Little difficulty is encountered where the bankrupt has an alienable life interest or annuity. These vest in the Trustee. But where the income is inalienable the position is not so clear. It appears that in such cases sect. 18 does not apply and that nothing vests in the Trustee unless and until he obtains an order from the Court under sects. 50 or 51; but there are judicial *dicta* which give authority to a contrary view.

The case law is, however, confusing. It has been held, for instance, that a Trustee cannot under sect. 51 (2) obtain an order for the payment of the contingent earnings of a professional man, or a voluntary allowance made by the bankrupt's father. On the other hand, trustees have obtained orders for the payment of an M.P.'s salary, the weekly salary of an actor, and the salary of a commercial traveller.

In the recent case of *in re Landau; ex parte the Trustee v. the Bankrupt*, reported in *The Times*

on May 12th, the Court of Appeal directed the Registrar to order under sect. 51 (2) the payment by a bankrupt married woman of a portion of maintenance of £1,800 a year received by her after divorce proceedings in which she was granted a decree. It was urged by her Counsel that the income in question was not property which was made available by sect. 38 and that no order could, therefore, be made under sect. 51 (2). The Court held, however, that sect. 51 was not controlled or limited by sect. 38, and that Mrs. Landau's maintenance was income within the meaning of sect. 51.

In elementary text-books the statement is often made that "personal earnings" of a bankrupt are not available for his creditors. The phrase employed is, however, inclined to mislead rather than instruct. It has been held, for instance, that the profits of a dentist's business are available, as are also the earnings of an architect. It is evident, therefore, that earnings due to the exercise of the bankrupt's personal skill are sometimes available. Whether a trustee is entitled to the earnings of an artist or a journalist has apparently not yet been determined by the Courts, but presumably he is entitled to such assets since they are the proceeds of a sale of goods.

In the circumstances, it is remarkable, having regard to the confused state of the law, that difficulties are not more frequently encountered. There are, however, many legal entanglements which are daily avoided by the application of common sense principles.

FEATURES OF FIXED TRUSTS.

(CONTRIBUTED.)

"DON'T put all your eggs in one basket" is an ancient and wise maxim. Its appreciation by the investing public, and especially the small investor, has undoubtedly contributed towards the popularity of the Fixed Trust. These strikingly original mediums of investment are comparatively new, the earliest creation, International Investments Deposit Certificates, being formed less than a decade ago. This was not a British promotion, and it was only in April, 1931, that the first Fixed Trust arrived in London, its title, very appropriately being that of the First British Fixed Trust. Three years only have elapsed, and to-day there are no less than thirteen such Trusts operating. The latest addition specialises in gilt-edged securities only.

To the accountant, an impartial study of these innovations in the field of finance is of more than

passing interest. By the nature of his professional duties, the question of investment, irrespective of category, is one of some importance. Bearing this in mind, it is appropriate that certain features of Fixed Trusts should be examined. Like all innovations, the movement has aroused a considerable amount of destructive criticism. As to whether such criticism is justified it is not our purpose to discuss; rather must we try to examine the subject in an impartial fashion.

The promotion of Fixed Trusts is effected by the formation of companies who purchase blocks of shares of a selected class and deposit them under the terms of a Trust Deed with a trustee. The deed authorises the trustee to receive applications from the investing public for certain quantities of shares. While the shares may be purchased in whole, it is usual to sell fixed parts in denominational form. The advantage of this method to the purchaser is obvious, since an outlay of £100 may secure an interest in several classes of shares, rather than in a strictly limited number. As a rule all shares dealt in by Trusts are those of companies whose past records have been such as to justify anticipation of the continuance of dividend payments and whose financial position indicates possible expansion. The method known as "balanced diversification" is usually practised by the Trust managers. By this a free market in the shares purchased is assured, together with the additional safeguard that such shares are representative of the major industries of the country. The Trust's activities are not restricted to the purchase of shares in any particular company or group, but this does not affect the individual investor who selects the particular securities in which he takes a share. The policy of spreading over the purchases is invariably adhered to. By this it can be seen that the likelihood of sudden loss, should any of the companies concerned fail, is judiciously decreased. Investors enjoy the right to exchange Trust Certificates for others of greater and lesser denomination. The stamp duty on sub-unit certificates is paid by the managers. A point of considerable importance to the investor is the readiness with which bankers will accept Fixed Trust certificates as security for loans. Ready information as to the value of holdings is available, as the shares of all companies contained in the Trust's portfolio are quoted on the London Stock Exchange.

Reverting to the certificate-holder's powers of exchange, it is possible to exchange his holding for the actual securities represented by such certificates. A point in favour of Trust investment is the convenient manner in which the income is

payable. The coupons accompanying each certificate are detachable and can be collected by the holder's bankers on the due dates. Worry on the score of Income Tax is obviated, since all dividends paid to the Trusts are taxed at source. The Trust Deed which is the basis of administration provides for the sale of any securities, if certain happenings, in the opinion of the trustees, make such a sale desirable. A further advantage possessed by these concerns is the fact that the directors and managers are unable to borrow money on the security of the shares held by the Trust. Purchases and sales are carried out on the Stock Exchange and are subject to the rules and regulations of that body.

An interesting feature is the similarity in the shares favoured by Fixed Trusts. The following shows the nature of certain well known shares and the number of Trusts interested therein:—*Five times*—Imperial Chemical Industries ordinary shares, Imperial Tobacco Co. ordinary stock. *Four times*—Burmah Oil Co. ordinary stock, J. & P. Coats ordinary stock, Courtauld's ordinary shares, Prudential Assurance Co. "A" shares. *Three times*—Associated Portland Cement Manufacturers ordinary shares, Bank of England Stock, British-American Tobacco Co., British Match Corporation ordinary shares, Furness, Withy & Co. ordinary shares, Arthur Guinness Sons & Co. ordinary stock. *Twice*—Associated Newspapers deferred shares, Bolsover Colliery Co. shares, Brakpan Mines shares, Consolidated Main Reef Mines and Estate shares, Wm. Cory & Son ordinary shares. *Once*—Anglo-Persian Oil Co. ordinary stock, Assam Co. shares, Austin Motor Co. 20 per cent. preferred ordinary shares, Babcock & Wilcox ordinary shares, Bank of New England ordinary shares.

Having enumerated certain favourable features of Fixed Trusts, we now propose to examine the criticisms levelled against them. No annual profit and loss account or balance sheet is issued by the Trusts, though auditor's certificates are prepared twice a year and may be seen at the offices of the Trusts. From the stock-broker's point of view, Trusts tend to restrict business, inasmuch as it is usually found that clients who purchase sub-units are loth to realise and seek fresh speculations. It is further contended that Trusts are forced to purchase shares at an inflated price. This contention is based on the belief that on the sale of sub-units, further shares are required. Accordingly, everyone knows what the Trusts are buying, and therefore the prices of the required class of share are forced up. Again, the wholesale realisation of large blocks of shares by the Trusts tends to

turn the market all one way. Criticism is also directed against the high charges of administering these Trusts, and the commission charged for acquiring the shares. Likewise, in the event of certain of the companies defaulting, the realisation of the Trust's holdings therein would be sold at an abnormally low figure.

The directors of Municipal and General Securities Company has issued an interesting statement by way of a refutation of some of the charges. Such statement necessarily refers to their particular company. It is argued that the possibility of being forced to purchase shares at inflated prices is remote, inasmuch as the trustees have power to eliminate companies from the portfolio if the shares are priced at an uneconomic figure; also that the sale could not affect the market since ample time is afforded by the Trust Deed to realise sinking securities. The statement that there is no free market in sub-units calls forth the rejoinder that no less than 800 stock-brokers deal in sub-units. It is further suggested that the charge of exerting a preponderating influence on markets is unfounded, as but a small percentage of the issued capital of companies is held by Fixed Trusts. This suggestion may be a partial answer to the arguments which are sometimes adduced for the amalgamation of these trusts.

At the time of writing a Stock Exchange committee is considering the subject in detail, and an interesting report may be anticipated.

Correspondence.

POVERTY IN PLENTY.

To the Editors, *Incorporated Accountants' Journal*.

SIRs,—The letter which you re-publish under the above heading in your May issue is an interesting sign that the demand for a searching inquiry into the monetary system of this country is gaining in momentum. The main object of any monetary system is, or should be, to provide an equitable means of producing and exchanging goods and services. Recent years have proved that our present system fails to function under conditions of abundance. Some measure of scarcity is essential to enable the system to work; and so we see the nations of the world busily engaged in impoverishing themselves and each other by restricting the production of almost every commodity, in order that an altogether artificial system of measuring values may be preserved. To try to accommodate the infinite possibilities of modern production to the strictly and deliberately limited supply of one particular commodity is like cutting off the limbs of a growing boy in an endeavour to avoid the necessity of getting him a new suit.

Yours faithfully,

CLIFFORD A. KERSHAW, A.S.A.A.

Wimbledon, May, 1934.

INCORPORATED ACCOUNTANTS' COURSE AT CAMBRIDGE.

The following are detailed particulars of the above course, of which a general intimation appeared in our last issue. The lectures will be delivered at Gonville and Caius College, Cambridge, on Wednesday, July 4th, to Monday, July 9th, and will be followed by discussions.

WEDNESDAY, JULY 4TH.

Members attending the Course are asked to arrive in Cambridge during the afternoon or evening.

4-7.30 p.m. Registration on arrival in College.

7.30-8.30 p.m. Supper.

9 p.m.

Opening meeting. It is hoped that the Vice-Chancellor of the University will be present. Short address by Mr. E. Cassleton Elliott, F.S.A.A., President of the Society of Incorporated Accountants.

THURSDAY, JULY 5TH.

8.15-8.45 a.m. Breakfast.

9.15 a.m.

"The Duties of Auditors from Trial Balance to Certificate in regard to Company Accounts." Discussion to be opened by Mr. C. Hewetson Nelson, J.P., F.S.A.A. Lecture on a Statistical Subject by Dr. E. C. Rhodes, B.A., D.Sc., Reader in Statistics in the University of London. "The Statistical Interpretation of Accounts." Lecture by Mr. W. Bertram Nelson, F.S.A.A.

1 p.m.

3.30 p.m.

Lunch. The President and Mrs. Cassleton Elliott will be At Home to members participating in the course at The Warren, Harpenden, Herts. (Tennis.) The journey to and from Harpenden will be by motor coaches, which will leave Cambridge at 2 p.m.

7.45 p.m.

Supper.

FRIDAY, JULY 6TH.

8.15-8.45 a.m. Breakfast.

9.15 a.m.

"Company Reconstructions." Discussion to be opened by Mr. Henry Morgan, F.S.A.A.

11.15 a.m.

"Staff Training and Staff Organisation, including the Etiquette of the Profession." Lecture by Sir Thomas Keens, D.L., F.S.A.A.

1 p.m.

2.15 p.m.

onwards.

Lunch. Tennis at Caius College Old Sports Ground, Newnham. Golf at the Gog Magog Course. Swimming. Informal visits to colleges.

7.30 p.m.

Dinner; Guest Night.

SATURDAY, JULY 7TH.

8.15-8.45 a.m. Breakfast.

9.15 a.m.

"Income Tax—Schedule D. Certain Rules and Reliefs." Lecture by Mr. A. Stuart Allen, F.S.A.A.

11.15 a.m.

"Report Writing." Lecture by Mr. Richard A. Witty, F.S.A.A.

1.15 p.m.

2.15 p.m.

onwards.

Lunch. Tennis at Caius College Old Sports Ground, Newnham. Golf at the Gog Magog Course. Swimming. Informal visits to colleges.

7.30 p.m.

Dinner.

SUNDAY, JULY 8TH.

- 8.30-9 a.m. Breakfast.
 10.30 a.m. Arrangements will be made for members to attend a service in Cambridge.
 1 p.m. Lunch.
 Afternoon. Free.
 7 p.m. Dinner.
 8.30 p.m. Final meeting.

MONDAY, JULY 9TH.

- 7.15-8.45 a.m. Breakfast.
 7.48 a.m. Train leaves Cambridge and arrives at Liverpool Street Station, London, at 9.24 a.m.
 8.25 a.m. Train leaves Cambridge and arrives at King's Cross Station, London, at 9.56 a.m.

Society of Incorporated Accountants and Auditors.

COUNCIL MEETINGS.

A meeting of the Council was held at Incorporated Accountants' Hall on May 15th, when there were present Mr. E. Cassleton Elliott (President) in the chair, Mr. R. Wilson Bartlett (Vice-President), Mr. A. Stuart Allen, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. W. Norman Bubb, Mr. Henry J. Burgess, Mr. D. E. Campbell, Mr. W. Allison Davies, Mr. F. Holliday, Mr. Walter Holman, Sir Thomas Keens, Sir James Martin, Mr. Henry Morgan, Mr. C. Hewetson Nelson, Mr. James Paterson, Mr. W. H. Payne, Mr. William Paynter, Mr. A. E. Piggott, Mr. J. Stewart Seggie, Mr. Alan Standing, Mr. Percy Toothill, Mr. A. H. Walkey, Mr. R. T. Warwick, Mr. E. W. C. Whittaker, Mr. R. A. Witty, Mr. F. Woolley, Mr. A. A. Garrett (Secretary), Mr. E. E. Edwards (Parliamentary Secretary) and Mr. J. R. W. Alexander (Standing Counsel).

Apologies for non-attendance were received from Mr. Edmund Lund and Mr. F. Walmsley.

The President welcomed to the Council Mr. John Paterson Brodie, Stoke-on-Trent, and Mr. Albert Stuart Allen, London, who took their seats as members of the Council for the first time.

MR. GEORGE STANHOPE PITT.

The Council received from Mr. G. S. Pitt, Past President, who had recently resigned from the Council, a presentation of Silver for use at Incorporated Accountants' Hall. The Council passed a resolution expressing their thanks to Mr. Pitt for his gift.

INCORPORATED ACCOUNTANTS' HALL DEBENTURE ISSUE.

A report was received from the Finance and General Purposes Committee that it had been decided to redeem £5,000 of the Society's Debentures on December 31st, 1934.

INCORPORATED ACCOUNTANTS' COURSE, CAMBRIDGE.

The President made a report of the arrangements for the Course to be held at Caius College, Cambridge, by kind permission of the Master and Fellows, from the 4th to the 9th July next. The President further stated that particulars of the Course had been furnished to all members of the Society.

DEATHS.

The Secretary reported the deaths of the following Members:—Edwin Sidney Crosoer (Fellow), Durban; Frederic Frith Everett (Associate), Grahamstown, S.A.;

Lieut.-Colonel James Grimwood, C.B., D.S.O., O.B.E. (Fellow), London; Harold Joseph Hinde (Associate), Chelmsford; Howard Pim, C.B.E., M.A. (Fellow), Johannesburg; Arthur Seymour Toley (Associate), London.

At a second meeting of the Council, held after the Annual General Meeting, the following appointments were made, and the Chairmen were appointed at meetings of the respective Committees held immediately afterwards:—

ELECTION OF PRESIDENT.

Upon the motion of Mr. C. Hewetson Nelson, seconded by Sir James Martin, it was resolved unanimously that Mr. E. Cassleton Elliott (London) be re-elected President of the Society for the ensuing year.

ELECTION OF VICE-PRESIDENT.

Upon the motion of Mr. E. Cassleton Elliott, seconded by Sir Thomas Keens, it was resolved unanimously that Mr. R. Wilson Bartlett (Newport, Mon.) be re-elected Vice-President of the Society for the ensuing year.

ELECTION OF COMMITTEES.

The following Committees were elected:—

Disciplinary Committee.—Mr. Henry Morgan (Chairman), the President, the Vice-President, Mr. Henry J. Burgess, Mr. Arthur Collins, Mr. Walter Holman, Sir Thomas Keens, Mr. W. H. Payne, Mr. P. Toothill and Mr. R. T. Warwick.

Finance and General Purposes Committee.—Mr. C. Hewetson Nelson (Chairman), Mr. Walter Holman (Vice-Chairman), the President, the Vice-President, Mr. H. J. Burgess, Mr. Arthur Collins, Sir Thomas Keens, Mr. Henry Morgan, Mr. W. H. Payne, Mr. W. Paynter, Mr. Alan Standing, Mr. R. T. Warwick and Mr. Richard A. Witty.

Examination and Membership Committee.—Mr. Henry Morgan (Chairman), Mr. Richard A. Witty (Vice-Chairman), the President, the Vice-President, Mr. A. S. Allen, Mr. W. Norman Bubb, Mr. J. Paterson Brodie, Mr. H. J. Burgess, Mr. W. Allison Davies, Mr. Walter Holman, Mr. C. Hewetson Nelson, Mr. W. Paynter, Mr. Percy Toothill, Mr. R. T. Warwick and Mr. F. Woolley.

Parliamentary Committee.—Sir Thomas Keens (Chairman), the President, the Vice-President, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. Arthur Collins, Mr. Walter Holman, Mr. Henry Morgan, Mr. C. Hewetson Nelson, Mr. E. W. C. Whittaker and Mr. Richard A. Witty.

Articles and Bye-Laws Committee.—Mr. E. W. C. Whittaker (Chairman), the President, the Vice-President, Mr. D. E. Campbell, Mr. W. Allison Davies, Mr. W. Paynter, Mr. Alan Standing, Mr. Percy Toothill and Mr. R. T. Warwick.

District Societies' Committee.—Sir Thomas Keens (Chairman), the President, the Vice-President, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. D. E. Campbell, Mr. W. Allison Davies, Mr. F. Holliday, Mr. Walter Holman, Mr. Edmund Lund, Mr. W. Paynter, Mr. R. T. Warwick, Mr. Richard A. Witty and Mr. F. Woolley.

Examiners.—The following were appointed Examiners of the Society:—Sir Josiah C. Stamp, G.B.E., Sc.D., LL.D., D.Sc., Mr. W. H. Coates, Ph.D., LL.B., B.Sc., Mr. Charles Hewetson Nelson, J.P., F.S.A.A., Mr. William Norman Bubb, F.S.A.A., Mr. Richard Alfred Witty, F.S.A.A., Mr. Walter Holman, F.S.A.A., Mr. Roland Burrows, K.C., Mr. Clement C. Gatley, M.A., D.C.L., LL.D., Barrister-at-Law, Mr. Charles B. Milne, K.C., M.P., Mr. Denis Pringle, B.A., LL.B., Barrister-at-Law.

Obituary.

EDWIN SIDNEY CROSOER.

We have heard with deep regret of the death in Natal of Mr. Edwin Sidney Crosoer, of the firm of Messrs. George Mackeurtan, Son & Crosoer, Incorporated Accountants, of Durban. Mr. Crosoer was articled in the office of Messrs. Martin, Farlow & Co., in the year 1901. He qualified as a member of the Society in 1906 and at the time of his death was on the roll of Fellows. Mr. Crosoer first joined the firm of Messrs. George Mackeurtan & Son in 1909, in the capacity of senior clerk, and was subsequently taken into partnership. His comparatively early death is greatly regretted, not only by those associated with him in practice but also by his clients and by his old friends in England.

HERBERT LAKIN-SMITH.

The death of Mr. Herbert Lakin-Smith, F.C.A., of Messrs. Impey, Cudworth, Lakin-Smith, Goode & Co., of Waterloo Street, Birmingham, and London, is much regretted in professional and commercial circles. Mr. Lakin-Smith qualified as an Associate of the Institute in the year 1897 and became a Fellow in 1903. His work in connection with the Birmingham Chamber of Commerce was greatly esteemed and some years ago he succeeded Sir James Martin as Chairman of the Finance and Taxation Committee of the Association of British Chambers of Commerce. In this capacity his annual addresses to the Chancellor of the Exchequer before the introduction of the Budget were models of good taste and sound economics. It was known that Mr. Lakin-Smith had been in delicate health for some time and this year he was unable to attend the customary Deputation to Mr. Chamberlain, Chancellor of the Exchequer, and his place was taken by Mr. Henry Morgan, F.S.A.A. Mr. Lakin-Smith was a man who attracted warm friendship, and his loss is felt in the Society as well as at the Institute.

JAMES HENRY LORD.

We regret to announce that Mr. J. H. Lord, J.P., F.S.A.A., died at Bacup on May 19th, at the age of 67. Mr. Lord became a member of the Society of Incorporated Accountants in 1892, and served on the Committee of the Manchester District Society from 1904 to 1930. He was also well known for his public services as an alderman of the borough of Bacup, having served on the Town Council for 27 years. He was Mayor of Bacup from 1914 to 1916, and chairman of the Finance Committee for a considerable period. The freedom of Bacup was conferred on him in 1920. Since 1928 he was likewise a member of the Lancashire County Council.

JAMES HOWARD PIM.

By the decease of Mr. James Howard Pim, C.B.E., F.C.A., F.S.A.A., South Africa loses one of its best known accountants. He was auditor of De Beers, but it may be said that his professional work in South Africa was coincident with the history of the Rand. Many years ago he raised strong objections to the employment of Chinese labourers on the Rand and thereby caused considerable hostility on the part of directors and shareholders in gold-mining companies, who very unwisely deprived him of some of his auditorships. Mr. Pim, however, stood his ground and had the satisfaction of being reinstated in public favour after a comparatively short period. In

regard to the Society of Incorporated Accountants Mr. Pim was always a good, if sometimes a candid, friend.

JOSEPH EDMUND STERRETT.

With the proceedings of the Fourth International Congress on Accounting still fresh in their memories our readers will regret to hear that Mr. Joseph Edmund Sterrett, C.P.A., the President of the First International Congress of Accountants, has passed away. An obituary notice over the well known initials "A. P. R." appears in the May issue of the *Journal of Accountancy*, the official organ of the American Institute of Accountants. It concludes with the following tribute in which we ask to be allowed to join:—"It was typical of him that all who were associated with him loved him. With his acceptance of great tasks came prominence, but he never changed in heart. He valued friendship above everything. And so I lay this tribute at his grave. I know that many men who knew him will join in this expression of personal grief, in which there is mingled a sentiment of gratitude for what he did and what he was."

Society of Incorporated Accountants in Ireland.

ANNUAL MEETING.

The annual general meeting of the Society of Incorporated Accountants in Ireland was held at 34, Dame Street, Dublin, on May 9th. The President (Mr. Robert J. Kidney) presided.

The annual report and statement of accounts for the year ended March 31st was laid before the meeting.

The following members of the Council were re-elected: Mr. A. J. Magennis, M.Sc., Mr. James Boyd, Mr. J. D. Thompson, and Mr. J. A. Kinnear. Mr. W. L. White (Cork) was also elected a member of the Council.

The Hon. Auditor, Mr. T. Condren Flinn, was re-elected.

At the Council meeting held subsequently, the following officers were elected for the ensuing year:—President, Mr. Norman Booth, Belfast; Vice-President, Mr. A. H. Walkey, Dublin; Hon. Secretary, Mr. A. J. Walkey; Hon. Treasurer, Mr. A. H. Walkey.

Mr. R. L. Reid (Dublin) was elected as an additional member of the Council.

Annual Report.

The Council has pleasure in submitting to the members its 31st annual report for the year ended March 31st, 1934.

MEMBERSHIP.

The total number of members at March 31st, 1934, was 162, consisting of 47 Fellows and 115 Associates. There were also 207 Student members.

OBITUARY.

We record, with regret, the death of two of our members during the past year. Mr. William Henry Dunlop became a member of the Society in 1906, and was for many years Accountant to the Intermediate Board of Education for Ireland. Subsequently he became Principal of the Higher Education Division of the Ministry of Education for Northern Ireland, retiring from this position in 1925. Mr. Albert Cyril Storey died at the early age of 36. He was admitted a member in 1921, and two years later became a partner in the firm of Messrs. James A. Kinnear & Co. It was mainly owing to his efforts, from 1926 onwards, that the Dublin Incorporated Accountants Students' Society was revived and put on a sound and active basis.

EXAMINATIONS.

The number of candidates who presented themselves for examination at the Dublin and Belfast centres in May and November, 1933, was 88, as compared with 95 in the previous year. The results were as follows:—

	Total.	Passed.
Final	25	11
Intermediate ..	43	11
Preliminary ..	20	15
	88	37

These results are still very disappointing, and the Council can only take the view that candidates are not making sufficient effort to prepare themselves for what is undoubtedly a very searching test, but one which should not present insuperable difficulty.

The Students' Sections in Dublin and Belfast have been very active, and the Council again desires to record its thanks to the Lecturers who have been good enough to assist the Society in this branch of its activities.

INTERNATIONAL CONGRESS ON ACCOUNTING.

After the Congress which took place in London in July, 1933, a number of delegates visited the Irish Free State, and were entertained in and around Dublin by the Councils of the Institute of Chartered Accountants in Ireland and our Society on July 24th and 25th. They then proceeded to Belfast, and were similarly entertained on July 26th and 27th by the Councils of the Institute and of the Belfast and District Society of Incorporated Accountants. The visitors, who represented Canada, New Zealand, Holland, Roumania, and Great Britain, expressed their warm thanks for the hospitality accorded to them, and for the enjoyable excursions which were organised for their pleasure.

ANNUAL DINNERS.

The annual dinner of the Irish Branch was held in Jury's Hotel, Dublin, on December 9th, 1933. Mr. R. J. Kidney presided over a representative company, which included Mr. Sean Lemass (Minister for Industry and Commerce) and Mr. Walter Holman (member of the Council of the Society of Incorporated Accountants), who deputised for the President (Mr. E. Cassleton Elliott).

The Belfast and District Society held its annual dinner on December 11th, 1933, a record attendance being presided over by Mr. D. Tilford Boyd, B.(Com.)Sc. Amongst those present were the Lord Mayor of Belfast (Sir Crawford McCullagh), the Minister of Commerce (Mr. J. Milne Barbour), the Attorney-General (Mr. A. B. Babington, K.C.), and Mr. Walter Holman, representing the President of the Parent Society.

LEGISLATION.

During the year which has just concluded, our members in the Free State have had many and constant demands upon their services in connection with new legislation, particularly in relation to the Control of Manufactures Act and the Control of Imports Bill, which latter is still under consideration in the Dail. In Northern Ireland, the Company Law Amendment Act came into force.

COUNCIL.

Mr. William Luke White, F.S.A.A., Cork (Messrs. Atkins, Chirnside & Co.), has been nominated for election to the Council in accordance with the provisions of Rule 7.

Mr. F. Woolley, F.S.A.A., has been appointed chairman of the Royal South Hants and Southampton Hospital.

PROBATE COPIES FROM DISTRICT REGISTRIES.

The following intimation has been issued from the Office of the Lord Chancellor:—

1. On and after May 1st, 1934, the new system recently introduced in the Principal Probate Registry with regard to the issue of copies of probates * and letters of administration will be extended to the District Probate Registries.

2. In the following observations, any reference to probate may be read as a reference to letters of administration with the appropriate substitution of "administrator" for "executor" and "intestate" for "testator" in the context.

3. Where probate is granted at a District Probate Registry on or after May 1st, 1934, the executor will be able to obtain sealed copies of the probate for a fee of one shilling each. The object of this facility is to save estates of deceased persons from loss and expense occasioned by lapse of time between the date of the grant and the date when the probate is registered with those limited companies in which the testator held stock or shares, a period which under the old system often lasted for many weeks.

4. In order to obtain the benefit of the new system, the executor should send copies of the probate, with suitable covering letters, simultaneously to all the persons and corporations (e.g., companies, debtors, creditors, &c.) who may be expected to require proof of the grant before recognising the title of the executor. By this means he may well be in a position to deal with the assets of the estate within a few days of the grant. He should therefore apply for as many copies as he may need for this purpose.

5. The application for the new copies may be made at the District Probate Registry simultaneously with the application for the grant, and if this course is adopted, or if the application for copies is received by the District Registrar before the grant is sealed, the usual search fee will not be charged. Similarly, the search fee will not be payable if an application for copies is received by the District Registrar within a week of the issue of the grant, provided the grant is produced for identification purposes without reference to the index of grants. In the absence of the grant, or if the specified period has elapsed, the usual search will be required. The copies can only be ordered at the District Probate Registry at which the grant was made.

(N.B.—The methods by which copies may be ordered at the Principal Registry were indicated in the previous notice issued in December, 1933.)

6. The new copies will be copies of the probate reproduced by photographic process, and will be sealed with the small seal of the Court.† They must be received in evidence of the grant in all parts of the United Kingdom without further proof,‡ but they do not obviate the necessity to re-seal the English grant, or to obtain separate representation, where there is property out of England. If produced to a limited company in England they are sufficient evidence of the grant, notwithstanding anything in the Articles of the company.§ The methods of establishing the identity of the testator with the person

* By "Probate" is meant the grant of probate and not the copy of the will.

† The Non-Contentious Probate Rules 1934 (S.R. & O. 1934, No. 366).

‡ Supreme Court of Judicature (Consolidation) Act, 1925 (15 and 16 Geo. V, c. 49) sect. 174, as amended by the Administration of Justice Act, 1933 (22 Geo. V, c. 55) sect. 4.

§ Companies Act, 1929 (19 20 Geo. V, c. 23) sect. 60.

registered in the books of the company are unaffected by the new system.

7. A copy of the probate sealed with the large seal of the Court, or a copy certified by the District Registrar but not sealed, will continue to be obtainable, if desired, the fees at present payable for similar copies of the record of the grant being applicable.

8. On and after May 1st, 1934, probates issued from the District Probate Registries will contain the addresses and descriptions of the executors and, where appropriate, the net value of the personal estate will be shown. An executor must give a precise occupational description in his oath, and if he has no occupation the words "of no occupation" should be used. Such a description as "Esquire," "Gentleman" or "Clerk" should be avoided. A female should be described as "Spinster," "Widow," "Wife of . . ." or "Single Woman," as the case may be.

9. The introduction of a photographic process between the sealing and the issue of the probate involves a delay which is not expected to exceed 48 hours. Practitioners conducting their business in the District Registries will find compensation for this slight delay in the provision of facilities for obtaining at a low fee copies which, if utilised, will greatly expedite the business of winding up the estate.

Lord Chancellor's Office,
House of Lords, S.W.1.
April, 1934.

INCOME TAX ON DIVIDENDS.

The following intimation has been issued by the Secretary of the London Stock Exchange. The regulations referred to became operative on Monday, May 14th last:—

The Committee for General Purposes have considered letters received from the Inland Revenue on the subject of the treatment of dividends arising out of Stock Exchange transactions, and have agreed with the authorities to make regulations as follows:—

1. Brokers collecting dividends less tax on behalf of their principals shall give, if required, a voucher in the form annexed and need not obtain one from the jobber.

2. DIVIDENDS TAXED AT THE SOURCE.

Members receiving and paying dividends, or sums in lieu of dividends, in respect of stocks, the income from which is liable to deduction of tax at the source, will continue to settle less tax and must carry to a separate account as taxed dividends all amounts so received and paid out.

The balance of this account, whether credit or debit, must be excluded from the figures on which the firm's assessment for income tax (Schedule D) is based.

NOTE 1. As the result of the adoption of the above mentioned treatment of taxed dividends for all members of the Stock Exchange, the Inland Revenue have agreed that a voucher may be given whether the dividend is real or paid by a bear as the tax will reach the Revenue through the paying member's account.

NOTE 2. Legally, it is understood to be impossible to transfer the ownership of a dividend, *as income*, by the sale of stock after such dividend has been paid. If, therefore, stock is bought cum dividend after the dividend has been paid, a tax voucher may not be claimed and must not be given.

In order to obviate difficulties, Rule 111 has been amended in order to ensure that so far as is practicable all important securities shall be made

ex-dividend not later than the day the dividend is paid.

NOTE 3. Where stocks are contangoed over a dividend date, the dividend is legally the property of the taker-in, who pays a compensation to the buyer; the latter is not entitled to a voucher.

NOTE 4. In cases where the dividend account shows a profit and the stock account (including *untaxed* dividends) a loss, allowance for such loss can be obtained under Section 34 of the Income Tax Act, 1918 (so far as applicable) or by carry-forward against subsequent assessment, or partly by both methods.

3. DIVIDENDS NOT TAXED AT THE SOURCE.

The balance of such dividends whether credit or debit must be included in the figures on which the firm's assessment for income tax (Schedule D) is based.

An addition has been made to Rule 112 to meet cases where dividends may have been cashed abroad or where exemption from deduction of tax may have been obtained by the seller.

4. Members receiving payment of a dividend in full under Rule 112 (1) as amended, or paying a bear dividend, must deduct tax when passing on or paying the dividend and debit the taxed dividend account with the amount so passed on or paid.

5. PRINCIPAL'S VOUCHERS (FOR USE BY JOBBERS OR MEMBERS ACTING AS PRINCIPALS).

A form of voucher is annexed for use in cases where a dividend claim arises otherwise than from a purchase of stock: *e.g.*, where stock has been lent to the market.

6. Amendments to Rules 111 and 112 and approved tax voucher forms are annexed.

AMENDMENTS TO RULES 111 AND 112.

RULE 111 (2).

Securities deliverable by deed of transfer, except registered debentures, shall be made ex dividend on the contango day on or preceding the first or only day on which the transfer books are closed for payment of the dividend or if information does not reach the Secretary of the Share and Loan Department in time to enable the security to be made ex dividend on that date then the security shall be made ex dividend on the contango day following the first or only day on which the transfer books are closed for payment of the dividend.

RULE 112 (1).

In the settlement of all bargains except in $3\frac{1}{4}$ per cent. War Loan, inscribed and transferable by deed, and except as below provided dividends are to be accounted for at the net amount receivable after deduction of income tax.

Subject to the rights of buyers under Rule 139, sellers of securities, the dividends on which can be cashed without deduction of United Kingdom income tax, or where exemption from deduction of tax may have been obtained by the seller, must account for the gross dividend unless they are able to provide a valid tax voucher.

The voucher forms as approved by the Board of Inland Revenue were attached.

Professional Appointment.

Mr. Herbert V. Lee, O.B.E., F.S.A.A., has been appointed City Treasurer of Peterborough.

The Society of Incorporated Accountants and Auditors.

49th ANNUAL GENERAL MEETING.

The 49th Annual General Meeting of the Society was held at Incorporated Accountants' Hall, Victoria Embankment, London, on Tuesday, May 15th. Mr. E. CASSLETON ELLIOTT (President of the Society) occupied the Chair and was supported by Mr. R. Wilson Bartlett (Vice-President) and the following members:—

Mr. C. Hewetson Nelson, Sir James Martin, Sir Thomas Keens, Mr. Henry Morgan, (Past Presidents); Mr. A. S. Allen, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. W. Norman Bubb, Mr. H. J. Burgess, Mr. D. E. Campbell, Mr. Arthur Collins, Mr. W. Allison Davies, Mr. F. Holliday, Mr. Walter Holman, Mr. James Paterson, Mr. W. H. Payne, Mr. William Paynter, Mr. A. E. Piggott, Mr. J. Stewart Seggie, Mr. Alan Standing, Mr. Percy Toothill, Mr. A. H. Walkey, Mr. R. T. Warwick, Mr. E. W. C. Whittaker, Mr. Richard A. Witty, Mr. Fred Woolley (Members of the Council); Mr. J. W. Allen, Mr. F. E. Anderson, Mr. E. Baldry, Mr. Donald H. Bates, Mr. C. V. Best, Mr. C. E. L. Bird, Mr. W. S. Blunden, Mr. E. T. Brown, Mr. F. W. Bryan, Mr. A. F. Chick, Mr. T. C. Collier, Mr. W. W. A. Couzens, Mr. W. J. Cutlack, Mr. Reginald Davis, Mr. Charles M. Dolby, Mr. T. W. Dresser, Mr. R. Simpson Duthie, Mr. Percy Farnworth, Mr. C. J. Gladwell, Mr. W. A. Godfrey, Mr. A. E. Goskar, Mr. Alexr. Hannah, Mr. Thomas Hayes, Mr. J. Edwin Holmes, Mr. Arthur H. Hughes, Mr. A. V. Huson, Sir Stephen Killik, Mr. Harry C. King, Mr. John Mackie, Mr. D. Mahony, Mr. Alfred Mart, Mr. A. J. Monro, Mr. T. O. Morgan, Mr. W. Bertram Nelson, Mr. V. Owlett, Mr. Halvor Piggott, Mr. John Potter, M.P., Mr. G. Roby Pridie, Mr. F. A. Prior, Mr. S. H. Robb, Mr. C. A. Sales, Mr. E. C. Saphin, Mr. J. Scott-Moore, Mr. W. H. Stalker, Mr. P. G. Stembridge, Mr. Joseph Stephenson, Mr. William Strachan, Lt.-Col. R. C. L. Thomas, Mr. Joseph Turner, Mr. Percy H. Walker, Mr. S. I. Wallis, Mr. E. J. Williams, Mr. R. W. Woodhead; also Mr. J. R. W. Alexander (Standing Counsel), Mr. E. E. Edwards (Parliamentary Secretary), and Mr. A. A. Garrett (Secretary).

The Secretary read the Notice convening the meeting, the Minutes of the 48th Ordinary General Meeting held in May, 1933, and the Report of the Auditors.

President's Address.

I have pleasure in moving the adoption of the Forty-ninth Annual Report and Accounts. The year has been one of considerable vitality in the Society's work. The membership of the Society shows satisfactory progress, and it is remarkable that lapses from membership for causes laid down in the Society's Articles have been negligible. Having regard to the times through which we have passed this is a significant and healthy fact. In this connection I would acknowledge the services of the Examination and Membership Committee, the members of which meet weekly to deal with that part of the Society's business.

To the great regret of his colleagues, Mr. George Stanhope Pitt felt it necessary on grounds of health to tender his resignation from the Council, of which he had been a member for thirty-three years. Mr. Pitt's work for the Society, particularly during his

Presidency, has left a lasting impression on the members. The acquisition of Incorporated Accountants' Hall was largely due to Mr. Pitt's far-seeing judgment and tenacity of purpose. I am glad to say his health is much improved and I take this opportunity of according to him the best wishes and thanks of the Society.

I have to refer to the regretted death of Mr. Ernest Kerr, who was a member of the Council and who took a lively interest in the Society's work, particularly in the Midlands.

On your behalf I extend the cordial congratulations of the Society to Sir Thomas Keens upon receiving from His Majesty the honour of Knighthood. The sustained interest and untiring work of Sir Thomas for Incorporated Accountants is well known to you, and we are happy that his long public services have been recognised.

FOURTH INTERNATIONAL CONGRESS ON ACCOUNTING.

The most representative gathering of accountants which has ever met in this country assembled in London in July last, under the Presidency of Lord Plender and the Vice-Presidency of Sir James Martin. The Congress revealed that the profession of accountancy is a factor in modern life all over the world, and Incorporated Accountants are rightly proud of the substantial contribution which they have made to the development of the profession in Great Britain and the British Dominions.

The appointment of Sir James Martin as Vice-President of the Congress was peculiarly fitting and gave general pleasure. Sir James was present at the First International Congress held in St. Louis in the United States of America in 1904, and throughout his career has taken special interest in the development of the profession of accountancy overseas.

The Congress was characterised by a friendly spirit of co-operation between all the bodies who acted as hosts and the contributions to the proceedings by delegates of all the countries represented brought out different aspects of problems, common to the accountancy profession wherever it is practised.

On no previous occasion has the whole of the accountancy profession in this country presented itself to the public in so comprehensive a manner. From a wider standpoint the printed record of the proceedings, with those of previous Congresses, shows how the practice of the accountancy profession has progressed and how its influence has increased throughout the world.

The hospitality offered, apart from the business meetings, was in every sense representative of English life. H.R.H. Prince George honoured the Congress by his presence at the banquet in Guildhall. To

the Lord Mayor and Corporation of London the Congress is greatly indebted for the facilities which enabled our guests to appreciate the traditions of the City of London.

The Congress Committee have received notable tributes of appreciation from the guests who came from abroad as delegates of overseas bodies or as individual members of the profession. It remains for me to record the thanks of the Society to Lord Plender and Sir James Martin for the able manner in which they presided over the proceedings, and to my colleagues in the Society for their labours as members of the Executive Committee and for their contributions to the programme of papers and discussions.

MUNICIPAL CORPORATIONS (AUDIT) ACT, 1933.

The question of the audit of the accounts of municipal corporations and other local authorities has been before Parliament and the profession for thirty years. The Joint Select Committee of both Houses of Parliament, over which the Earl of Crewe presided, in 1903, recommended that professional auditors should be appointed to audit the accounts of all local authorities. Much controversy and Parliamentary time would have been saved had the Government of the day asked Parliament to give legislative effect to the findings of that Committee. Although the Act passed last year is permissive in its provisions, it paves the way to the final elimination of that anachronism which the Municipal Corporations Act, 1882, has left upon the Statute Book—the election of borough auditors, who frequently possess no professional qualifications whatever. It is satisfactory that a long controversy has been laid to rest. I hope that the Act will not lead to any increase in official activity in relation to the audit of the accounts of municipal corporations, which are now free to choose their auditors, without the necessity of obtaining express Parliamentary sanction as in the past.

The increasing responsibilities which Parliament has placed upon municipal corporations have correspondingly increased the importance of municipal accounts. In my view the audit of those accounts calls for the exercise of that independent judgment and experience which is the principal characteristic of a professional audit. This view is supported by the large number of municipal corporations throughout the country who prior to the Act of 1933 went to the trouble of obtaining power by Local Acts to appoint professional auditors.

SOUTH AFRICA.

The Society's qualification and the designation Incorporated Accountant have a world wide significance. Members of the Society are to be found in all parts of the world, and the qualification of Incorporated Accountant is publicly and professionally recognised in every country. But it is peculiar to the Society that its constitution and regulations permit candidates to receive professional training overseas to qualify for the Society's diploma. This

policy has singularly expressed itself in South Africa, where a Branch of the Society was established in 1894, and where its examinations have been conducted since 1915 by the Society's South African Committees under the authority of the Council. At the present time the Society has three Committees operating in South Africa, whose co-operation is valued by the Council.

Registration Acts passed many years ago are in force in the Transvaal, Natal and Southern Rhodesia, by which a Society of Accountants was set up in each of those areas. In addition there are bodies of accountants in the Cape Province and the Orange Free State. These bodies are linked by common regulations and a joint examining board, and they have a common designation, Chartered Accountant (South Africa), secured to their members by Statute of the Parliament of the Union of South Africa.

During the last decade, we have witnessed in Imperial affairs a development of the national consciousness in the great British Dominions, combined with an affection for the old country, and close personal relations between British people whether at home or overseas. The development of that national consciousness has brought with it a desire to develop Dominion institutions, and the accountancy profession in South Africa has been no exception to the prevailing spirit. That movement has been appreciated and understood by the Council of the Society, who have desired to maintain friendly relations with overseas bodies of accountants. Negotiations have taken place with the bodies of accountants established in the Union of South Africa through the Society's South African Committees, and a scheme has been adopted whereby candidates for the profession in South Africa can qualify simultaneously as Incorporated Accountants and as Chartered Accountants (South Africa). Candidates will serve articles simultaneously for both bodies, and after passing the examinations of the General Examining Board in South Africa, they will sit for the Society's Final examination. This arrangement is possible as Incorporated Accountants in South Africa are also members of the South African bodies of accountants. There is no interference with the established position that Incorporated Accountants who qualify at home and subsequently carry on their profession in South Africa may be admitted to membership of the South African Societies, and thus obtain admission to the registers in the Transvaal, Natal and Rhodesia.

There is a pronounced desire on the part of candidates in South Africa to obtain a qualification which is recognised all over the world. The scheme adopted permits them to do so, and at the same time to fulfil their natural aspiration to obtain membership of the South African bodies. I believe that the arrangement is in the best interests of the accountancy profession in South Africa. I express the acknowledgment of the Society to the South African Committees for their sustained interest in the affairs of the Society and for their constant communication with the Council.

THE JUBILEE OF THE SOCIETY.

Next year (1935) the Society of Incorporated Accountants and Auditors will attain its Jubilee, and your Council are taking steps to celebrate this important occasion in a manner befitting the dignity of the Society, and the position which it holds in public estimation. It is not necessary for the Society to make claim to a definite position in the profession. This was done as far back as the year 1907, in the Chancery Division of the High Court of Justice, and the judgment delivered twenty-seven years ago by Lord Warrington (then Mr. Justice Warrington), stands as a recorded case showing that the claim of the Society was well founded. The learned Judge then said, "I am satisfied that the designation 'Incorporated Accountant' denoted membership not of any society whatever of accountants which was incorporated, but membership of the definite Incorporated Society which by its tests and examinations and by its rules and requirements as to qualification conferred on its members a status different from that of other members of the profession who had not the same qualification. In coming to that conclusion I am compelled to hold that the designation 'Incorporated Accountant' meant a member of the Society and did confer on its members the privilege—which one cannot help regarding as a valuable one—of being looked on, by persons who had dealings with accountants, as holding a certain definite status indicating reliability and integrity."

Twenty-seven years have elapsed since that Judgment was delivered, and the Society of Incorporated Accountants has advanced in public estimation owing to the standard of the integrity and reliability of its members, who to-day number 6,250.

The position of the Society was once more assailed (on the second occasion in South Africa) in the year 1929 but with no better success for those who wished forcibly to annex its designation than was achieved in England in the year 1907, as the Supreme Court of South Africa saw no reason to differ from the Judgment of the English Judge which I have already quoted to you.

ARBITRATION PRACTICE.

During the last few weeks an Arbitration Act has been passed by both Houses of Parliament. This Act follows the recommendation of the Committee of 1926-27, presided over by Mr. Justice Mackinnon, of which Sir James Martin was a member. The previous Arbitration Act was passed in 1889, and the new Act makes improvements in the facilities and procedure in arbitration, which experience during those years has shown to be desirable. The practice of arbitration does not perhaps receive that public notice which its importance merits, no doubt for the reason that arbitration eliminates publicity in circumstances where it is desirable to do so. But in disputes involving matters of account and business rather than legal interpretation resort to arbitration has been found to be particularly appropriate, and in such matters Incorporated Accountants have frequently been appointed as arbitrators. I therefore

commend the Act to the study of members of the Society.

INCORPORATED ACCOUNTANTS' COURSE, CAMBRIDGE.

My predecessors have referred on many occasions to the admirable work for professional education in accountancy carried on by Branches, District and Students' Societies throughout the country, which arrange meetings both for members of the Society and for examination candidates, but this work is specially directed to those who are students for the examinations.

Accountancy is essentially a practical profession. Its foundations are laid both in study and in experience. After having qualified, members of the Society must rely mainly for the extension of their experience upon their day to day work, on attendance from time to time at meetings of the Society, and on the study of professional literature. The Council, however, desire to go further than this, and to give young Incorporated Accountants some opportunity to come together and to consider intensively a number of subjects of special importance to the practitioner.

Upon a suggestion which was made by the Liverpool District Society, and through the kindness of the Master and Fellows of Caius College, Cambridge, a course for Incorporated Accountants will be held early in July next. The Committee having charge of the arrangements have been fortunate in securing the assistance of members who will deal with subjects on which they are well qualified to speak both from practice and experience. The Course will give those attending an opportunity of meeting their fellow members, and of becoming more intimately associated with the Society. The arrangements are specially made for those who have qualified in recent years.

Through the kindness of Caius College and some of the University athletic clubs, suitable opportunities for recreation will be available, but I wish to say, as President of the Society, that this Course is essentially to be taken seriously.

It is hoped that this Course will be a feature of the current year's work, and is characteristic of the initiative and progressive spirit of the Society.

COMPANY MANAGEMENT AND THE AUDIT OF COMPANY ACCOUNTS.

In 1932 my predecessor, Mr. Henry Morgan, dealt at some length in his Presidential Address with the Report issued by the Council of the Society concerning amendments to the law relating to companies. That report remains on record, and I do not wish to deal further with it except to say that I hope an opportunity may occur in the future for His Majesty's Government to consider the recommendations then made. I should, however, like to consider the present position within the compass of the existing statutory powers under which auditors of companies act.

Public and private discussion at the International Congress on Accounting indicated that the system of a compulsory audit of companies by professional auditors was viewed with admiration by the profession in other countries. It is true to say that

during the last three years there has been a gradual change in emphasis, both on the part of the public and on the part of the profession, concerning the duties of professional auditors on the one hand, and in regard to company management on the other. Professional auditors do not wish to give the public an impression of limitation, and indeed the best professional practice is in advance of the minimum requirements of the law. It must be said that auditors are not concerned in the management of companies, but I should like to emphasise that the auditors of a company are always available for consultation by the board. Auditors are prepared to give to the board their best advice upon the financial position of the company if and when asked to do so. Further, it is necessary to recognise the salutary effect which the work of auditors from year to year has upon the whole structure of the company in its finance, its management and its organisation.

There is, however, a separation of powers between the directors and management of a company and the auditors which it is proper to preserve. It is not the business of the auditors to give information; that is obviously the duty of the directors. The duty of the auditors is to report on the accounts prepared by the directors, which is the main source of information given to the shareholders of a company.

It is evident to me that there is still some misconception upon this matter. In a recent case which came before the Chancery Court it was sought by a liquidator of a company to make the auditors liable for debts contracted by the company after the date when it had ceased to be solvent. It was also sought to make the managing director liable in a similar way. Proper reports were made by the auditors in accordance with the Companies Act, and in this case the auditors even went further and drew the attention of the Board to the serious financial position of the company. The auditors took the usual and proper course and sent their report to the secretary of the company, but the report was never issued to the shareholders. The learned Judge reviewed the statutory provisions and in giving his decision, said: "All these considerations force one to the conclusion that the duty of auditors, having affixed their signature to the report attached or annexed to the balance sheet, is confined to sending that report to the secretary of the company, leaving the secretary or the directors to perform the statutory duty of convening a general meeting to consider the report. It is the duty of directors to see that the auditors' report is read at such meetings." A different view was taken of the liability of the managing director of the company, and this case illustrates that differentiation to which I have referred in regard to the management of companies and the duties of auditors.

Criticism and complaint have been made from time to time that in regard to companies which failed the trouble was discovered too late for any effective remedy to be applied. Troubles come to light when a receiver is appointed for the debenture holders or when the company goes into liquidation, or in

even more serious circumstances still, when an inspector is appointed by the Board of Trade. This complaint has some justification, and in view of the need from a national and a business point of view of the maintenance of confidence on the part of investors, the question of the management and direction of companies assumes an ever increasing importance. It is essential that directors of companies shall be those with a large experience of business affairs, some perhaps with technical or special knowledge of the particular business carried on, and others with a knowledge of administration and finance. A considerable number of Incorporated Accountants hold professional appointments as directors of companies, and their special duties relate to the organisation of the company and its finances. I regard co-operation of this kind in the direction of companies as an essential factor in the successful conduct of their business. I will go further and say quite definitely that the board of a company is strengthened by the inclusion of an accountant as one of its members. Great responsibility is placed upon those who occupy such professional positions, which involve in the discharge of the relevant duties, not only wide knowledge and experience, but considerable character in pursuing a course which may be necessary rather than popular.

The Company Law Amendment Committee of 1926, set up by the President of the Board of Trade, said they were satisfied that the great majority of limited companies were honestly and conscientiously managed. Since that date we have suffered the experience of the worst financial slump in modern times, and now happily that the country is enjoying improved conditions the truth of that statement has been again substantially vindicated. Companies which have been well managed and soundly financed have weathered the crisis, despite intense difficulties and reduction in profits. This fact bears witness to the dictum of the Companies Committee, and the careful investor has been rewarded for his patience. This is a cause for satisfaction, though not for complacency, and the failures and disasters which overtook a large number of companies floated in the boom years confirm equally my general view upon the conditions under which companies may carry on their business with satisfaction to their customers and profit to their shareholders, thus stimulating confidence amongst a wider investing public.

It affords me considerable satisfaction to be able to address the members at a time when the general condition of the country shows such marked improvement, particularly after the depressing circumstances from which we have suffered so long. We rejoice at the considerable reduction in the number of those who are without employment, at the improvement in the general conditions of industry and commerce, and upon the sound financial position of the country. I am confident in stating that the improvement in commerce and industry is not merely a matter of the swing of the pendulum, but is a direct consequence of intensive application to the re-organisation of the business of companies and to

the reduction in costs during the anxious period in deflation. It is not too much to say that Incorporated Accountants in their professional work and in their collective capacity have made a valuable contribution to this widespread re-organisation.

The restoration of unemployment cuts and the relief in taxation should prove a stimulus to trade throughout the country. There is still a considerable lack of new enterprise and I hope that the next stage in the upward turn of the cycle will be a call for new capital for sound undertakings, and possibly next year some further restoration in cuts and reduction in taxation, which in spite of the relief afforded still presses heavily upon the country.

In concluding my address I have to express my deep sense of obligation to my Vice-President and my other colleagues for their several and united labours for the advancement of Incorporated Accountants, and also to the Secretary, the Parliamentary Secretary and the staff of the Society, who work unceasingly in its interest.

I now have pleasure in moving that the Report of the Council and the Accounts for the year 1933 be adopted, and I will ask Mr. Wilson Bartlett, the Vice-President, to second it.

Mr. R. WILSON BARTLETT formally seconded the resolution.

Discussion

SIR STEPHEN KILLIK said he hoped the President would allow him to make a few general remarks upon the forty-ninth annual report of the Council which was now submitted for adoption, especially when he mentioned that for thirty-nine of those years he had been a member of the Society. He could claim, therefore, to have some interest in its welfare. The President had referred to the fact that the members were looking forward to the celebration of the Society's Jubilee next year, and he (Sir Stephen) hoped that he might have an opportunity at that time of identifying himself still more closely with the Society. (Applause.) The Society seemed to be very happy in its choice of Presidents, Mr. Cassleton Elliott being by no means the least capable or the least eloquent of the gentlemen who had filled that position. Equally it seemed to him that each succeeding President had a more attractive story to tell. The membership increased, the members were held in higher esteem by the public, and only recently they had, as Mr. Cassleton Elliott had reminded them, to add another name—that of Thomas Keens—to those honoured by His Majesty the King. They were delighted also to see that a distinction had been conferred upon their valued friend, the Secretary, Mr. Alexander Garrett. Some three or four years ago the Incorporated Accountants' Students' Society did him the honour of electing him as their President, and in that capacity he was much interested in Mr. Cassleton Elliott's reference to the invitation from the University of Cambridge to visit Cambridge for a week in order to take part in a professional course at the University. This would give those who participated in it the advantage of increasing their professional knowledge in exceptionally attractive conditions. It was, he was afraid, rather too late for him personally to avail himself of that unique opportunity for association with the atmosphere of University life, but it was an opportunity which he hoped would be taken advantage of by all those who could do so. The President had referred to the fact that the knowledge required by

Incorporated Accountants could be of great value in positions other than those of pure accountancy, and although it was many years since he was occupied with accountancy work, he thought he could safely say that not a day passed in which he did not in some way or another feel the benefit of the training necessary to secure membership of their Society. (Applause.)

Mr. JOHN POTTER, M.P. (Blackpool), said he most heartily congratulated the President upon his excellent and informative address. It had covered a great deal of ground, and the information which Mr. Cassleton Elliott had been good enough to convey to them would be of great benefit to those who were in public practice. He had listened in the House of Commons with very great interest to the speeches that were made upon the Municipal Corporations (Audit) Bill, 1933. He was very pleased to learn on that occasion that the very high qualification for membership of their Society was exceptionally well known to the Ministers, and also to the various departments of the Government. The members of their Society could do a great deal by seeing that the provisions of that Act were seized hold of, whereby borough auditors could be dispensed with and professional accountants appointed. He was very pleased to think that his own town of Blackpool was one of the first towns in the country to take the opportunity of passing the necessary resolutions adopting the provisions of that Act. It seemed to him that many of their members could do a great deal in that way, because some of them occupied the responsible position of Borough Treasurer. He was delighted with the wonderful impression that many of them got on the occasion of the banquet of the International Congress of Accountants held in London last year, and it was a source of very great satisfaction to him at any rate that two members of their Society had occupied such prominent positions in connection with that Congress. He referred to Sir James Martin and to their Secretary, Mr. A. A. Garrett. (Applause.) They were all looking forward now to the Jubilee of the Society, which would be held next year, and he felt confident that the Council would make such arrangements as would show to the world the position to which the Society had attained. He had been very much struck with the President's allusion to the duties of professional accountants, and he often thought that there was a very wide field for them in connection with the administration of limited companies and as financial advisers to boards of directors. He trusted that field would be developed more in the future than it had been in the past. He would like to take that opportunity of offering Sir Thomas Keens his congratulations upon the honour he had received at the hands of His Majesty the King. He sincerely trusted that Sir Thomas would be spared to assist in carrying on the work of the Society for many years to come. In conclusion, he would like to congratulate the President upon the work he had carried out on behalf of the Society during the past year. He also wished to offer his sincere thanks to the members of the Council, and he trusted that the Society would continue to prosper. (Applause.)

Mr. JOSEPH TURNER (Manchester) said he, like the previous speakers, had listened with great interest to the President's eloquent and able address. They had been reminded that 27 years ago the designation "Incorporated Accountant" indicated reliability and integrity. To-day the designation stood even higher, but he would remind members of the Society that that good name was in their own keeping, and it behoved each and every one of them to guard it jealously. The President's rather frequent reference to Incorporated Accountants had brought a subject to his mind over which he had thought

a great deal lately—that was their title. “The Society of Incorporated Accountants and Auditors, A.D. 1885,” was too long and too cumbersome for the public to get a real hold of it, and he would suggest with all humility that they should drop the words “and auditors,” and he would go still further and drop the reference to the year of its foundation. Perhaps next year, after their Jubilee, the age of the Society might be dropped. He would like to congratulate the Council on the initiative displayed in promoting a course at Cambridge for Incorporated Accountants. He felt sure that nothing but good could follow such a course, and he hoped that every practising member would give facilities to members of his staff to attend the course. Reference had been made to their past President, Mr. George Stanhope Pitt, and he was sure they all hoped he would be spared for many years to enjoy his retirement, because he had rendered good service to the Society. They were all delighted at the honour conferred upon Sir Thomas Keens and upon Mr. Garrett. They were looking forward next year to their Jubilee. It would throw more work on the members of the Council, but he knew they would not fail in that respect. He did not think that all the members appreciated adequately the work and responsibility that was placed upon the Council in general, and upon the President in particular, and he thought the least they could do was to give the members of the Council their wholehearted support. (Cheers.)

Colonel R. C. L. THOMAS (Newport, Mon.) said he would like to offer his congratulations to the President on his most instructive address. As Incorporated Accountants they felt a great pride in the way in which their Society went on from strength to strength. There were marked increases in the number of members and in the amount of the funds, but he was also pleased to see a marked increase in the expenditure. That showed that the methods adopted by the President and Council were truly progressive. A glance at the expenditure account for last year would reveal that there had been a very considerable expense in connection with the International Congress on Accounting. That, he thought, was something on which the Council were to be congratulated. The effects of the Congress could never be measured in terms of pounds, shillings and pence. He noticed certain figures in the report, however, which were not quite so satisfactory. He referred particularly to the fact that only 46 per cent. of the candidates who entered for the Final examination had been successful, 54 per cent. having failed. Having regard to the facilities that were now available, that was a little disappointing. Reference had been made by the President to a Course for Incorporated Accountants to be held at Caius College, Cambridge. He hoped it would be supported in the manner it deserved. In conclusion, he wished to take that opportunity, on behalf of the South Wales and Monmouthshire District Society—and he was sure all the other District Societies—of saying how much they appreciated the energy of the President in attending some of their meetings.

Mr. D. MAHONY (London) also paid a tribute to the President, mentioning the many public services he performed not unconnected with his office. Mr. Cassleton Elliott, in speaking of the essential qualifications of a director, had omitted to mention one, namely, that the would-be Incorporated Accountant director must possess a very wide knowledge of human nature. Reference was made in the report to the Municipal Corporations (Audit) Act, but there was one other Act which might, he thought, be overhauled, and that was the Deeds of Arrangement Act. The principal point was in connection with the filing of petitions in bankruptcy. Under the present law,

any creditor for £50 and upwards could file a petition, and that put a lever into the hands of unscrupulous people. Very often one found that a body of creditors were willing to accept a composition, but one creditor for a comparatively small amount could file a petition, and the man had to go bankrupt. That abuse, he thought, could be remedied by an amendment to the Act so that application could be made to the Registrar in Bankruptcy to approve a scheme passed by a majority of the creditors.

Mr. C. V. BEST (London), speaking as a junior member of the profession, said he would like to express on behalf of the large body of junior members of the Society appreciation of the thought and attention given by the President to the affairs of the profession generally, and of the Society in particular. And in that expression of appreciation he would like to include all the members of the Council who had given their time in furthering the interests of Incorporated Accountants during the past year. Members would be astonished if they knew the amount of time and attention which it was necessary for the Council to devote to the affairs of the Society. He wished to congratulate the Council on their educational efforts. The District Society scheme had undoubtedly proved very popular, affording as it did an opportunity to attend lectures by known experts. During the past year they had had those opportunities enlarged and extended owing to the International Congress which was held in London. The most recent announcement to the effect that a course had been arranged at Caius College, Cambridge, seemed to indicate that their Council were not satisfied with the achievements of the past, but were determined if possible to find further means of assisting the profession. He hoped that this last effort would be appreciated in a most practical form, by a good attendance at the course.

The PRESIDENT said there were not many points for him to reply to. They were very grateful to Sir Stephen Killik for the promise of favours to come, which they would not forget. Respecting Mr. Turner's criticism of the title of the Society, there was probably no one in that hall who did not agree with Mr. Turner as to the length of the title of the Society. So far as the year 1885 was concerned, that was not part of the title, but it had been customary to print it on the report. When they attained their jubilee next year it would probably disappear. With regard to Mr. Mahony's suggestion as to the Deeds of Arrangement Act, it certainly did want strengthening, and the Council would bear that matter in mind. To all those gentlemen who had made kindly references to him, he was deeply grateful, but, as he had said in his address, the duties of the President were lightened very considerably by the work which their Secretary and their Parliamentary Secretary performed.

The resolution was then put to the meeting by the President, who declared it carried unanimously.

Mr. C. HEWETSON NELSON, (Liverpool), moved the re-election of the following retiring London members of the Council: Mr. Edward Cassleton Elliott, Mr. Walter Holman and Mr. William Paynter.

Mr. P. TOOTHILL (Sheffield) seconded the resolution, which was put to the meeting by Mr. Nelson, and carried unanimously.

Sir THOMAS KEENS, (Luton and London), said it was his pleasure to move the re-election of the following retiring Provincial members of the Council: Mr. Richard Wilson Bartlett, J.P., Mr. Arthur Collins, Mr. William Allison Davies, O.B.E., Mr. Alan Standing, Mr. Frederic Wainwright, J.P., and Mr. Edward Watts Catherington Whittaker, J.P. He said that the last two names were

two of the original founders of the Society. They had been present at the first meeting that was held in January, 1885.

Mr. WALTER HOLMAN (London) seconded the resolution, which was carried unanimously.

The PRESIDENT said that during the year there had been two casual vacancies which the Council had filled by electing Mr. Allen and Mr. Brodie, and it was now his pleasure to propose that the following members, appointed by the Council to fill occasional vacancies on the Council in accordance with the provisions of Article 48, be elected members of the Council: Mr. Albert Stuart Allen, Fellow in Public Practice, Adelaide House, King William Street, London, E.C.4; and Mr. John Paterson Brodie, Fellow in Public Practice, Moor House, Moorland Road, Burslem, Stoke-on-Trent. With regard to Mr. Allen, he had done excellent work for the Students' Society and for the London and District Society, and they were now hoping—in fact, they were certain—that he would do equally good work for the Council if elected. The other gentleman, Mr. John Paterson Brodie, who came from Stoke-on-Trent, had done yeoman service in the Potteries in connection with the District Society in North Staffordshire.

Mr. R. WILSON BARTLETT said he had very much pleasure in seconding the resolution.

The PRESIDENT put the names to the meeting separately, and they were duly elected.

Mr. A. V. HUSON (London) moved the re-election of Mr. Arthur Henry Hughes, Incorporated Accountant, London, as an auditor of the Society, at the same remuneration as in previous years.

Mr. HARRY C. KING (Eastbourne) seconded the resolution, which was carried unanimously.

Mr. R. W. WOODHEAD (Stoke-on-Trent) said he had great pleasure in moving the election of Mr. Alexander Hannah, Incorporated Accountant, Liverpool, as an auditor of the Society, at a remuneration of thirty guineas, his travelling expenses to be paid in addition. It was not necessary, he said, to refer to Mr. Hannah's services, because they were well known; he had completed a quarter of a century of membership of the Society. He was sure they all regretted that Mr. Robert Heatley had found it necessary to retire from the position of auditor owing to ill-health. He hoped Mr. Heatley would soon be restored to health, and would live long to enjoy his retirement.

Mr. REGINALD DAVIS (Swindon) seconded the resolution, which was carried unanimously.

Sir JAMES MARTIN (London) proposed a vote of thanks to the President for his conduct in the chair and also for his services to the Society. He said the resolution he was going to put before the members seemed almost superfluous, because practically every speaker had thanked the President in advance. He had known every President of the Society personally since the first occupant of the chair, and he could not pay any better tribute to Mr. Cassleton Elliott than to say he would bear comparison with any of his predecessors. (Applause.) Mr. Cassleton Elliott not only went all over the country addressing meetings of their members, but he attended to all the multifarious duties of the Presidential office, and whatever time he had left he devoted to his own affairs. They were very much indebted to the President, and the least they could do was to show their sense of indebtedness by according him a most cordial and hearty vote of thanks.

The vote of thanks was carried by acclamation.

The PRESIDENT said he was very grateful to Sir James Martin for the way in which he had proposed the vote of thanks. He thought it particularly appropriate that

Sir James should be asked on that occasion to do so, because he (the President) felt indebted to Sir James for being a member of the Society, inasmuch as it was very likely that without Sir James's advice to Mr. Ebenezer Carr—to whom he (the President) was articulated many years ago—he would never have been an Incorporated Accountant. What little success he had achieved had been attained entirely through the Society, and whatever duties he had carried out since he had been President had been a real work of love for the Society, for which he had a very deep affection.

The proceedings then terminated.

49th ANNUAL REPORT.

The Council has pleasure in submitting to the members its 49th Annual Report and the Accounts of the Society for the year 1933.

MEMBERSHIP.

During the year 1933 327 new members were admitted to the Society, and 65 Associates were advanced to Fellowship, as follows:—

NEW MEMBERS.				
England and Wales	..	..	..	285
Scotland	..	..	..	3
Ireland	..	..	..	9
India	..	..	..	8
South Africa	..	..	..	20
France	..	..	..	1
Mauritius	..	..	..	1
Total	..	..	..	327

ASSOCIATES ADVANCED TO FELLOWSHIP.				
England and Wales	..	..	..	50
Ireland	..	..	..	4
Egypt	..	..	..	1
India	..	..	..	6
New Zealand	..	..	..	1
South Africa	..	..	..	3
Total	..	..	..	65

The figures for the past three years are:—

	1931.	1932.	1933.
New members elected	.. 341	338	327
Associates elected Fellows	49	43	65

The total number of members on December 31st, 1933, was 6,151, and consisted of 1,471 Fellows, 4,677 Associates and 3 Honorary Members; two Fellows held rank as honorary members.

The figures for the past three years are:—

	1931.	1932.	1933.
Fellows	.. 1,448	1,449	1,471
Associates	.. 4,213	4,458	4,677
Hon. Members	.. 3	3	3
	5,664	5,910	6,151

OBITUARY.

The Council received with regret notification of the deaths of 59 members (29 Fellows and 30 Associates) during 1933.

Among the names appearing in the obituary list is that of Mr. Ernest T. Kerr (Fellow), Birmingham, who was a member of the Council from 1927 to the date of his death.

EXAMINATIONS.

The number of candidates at the Preliminary, Intermediate and Final Examinations was, 1,950, of whom 919 passed and 1,031 failed.

The following are the comparative figures for the past three years :—

Year	FINAL			INTERMEDIATE			PRELIMINARY		
	No. of Candidates	Passed	Failed	No. of Candidates	Passed	Failed	No. of Candidates	Passed	Failed
1931	702	51%	49%	944	52%	48%	376	60%	40%
1932	674	49%	51%	985	51%	49%	337	54%	46%
1933	730	46%	54%	947	46%	54%	273	54%	46%
Total	2,106	1,023 49%	1,083 51%	2,876	1,431 50%	1,445 50%	986	545 55%	441 45%

PRIZES AND HONOURS CERTIFICATES.

Prizes and Honours Certificates were awarded to the following :—

FINAL EXAMINATION.

1st Certificates of Merit—

Kent, Stephen John, Leicester (May, 1933) (*Prize*).
Eccles, George, Preston (November, 1933) (*Prize*).

2nd Certificates of Merit—

Cornes, Bernard Charles, London (May, 1933) (*Prize*).
Jones, Sidney, Leeds (November, 1933) (*Prize*).

3rd Certificates of Merit—

Paramour, Joseph Richard, London (May, 1933) (*Prize*).
Kightley, Leonard, Luton (November, 1933).

4th Certificates of Merit—

Manning, Herbert Arthur, London (May, 1933).
Wuth, Richard George, Durban (May, 1933).
Marsh, Ernest Alfred, Carlisle (November, 1933).

5th Certificate of Merit—

Echart, Henry George, Rickmansworth (May, 1933).

6th Certificate of Merit—

Whiting, Stanley Pittam, Scarborough (May, 1933).

7th Certificates of Merit—

Elliott, Henry Robert, Worthing (May, 1933).
Rood, Leon Mauritz, Cape Town (May, 1933).

INTERMEDIATE EXAMINATION.

1st Place Certificates—

Vincent, Albert Vincent, Wolverhampton (May, 1933) (*Prize*).
Payne, Harold, Bournemouth (November, 1933) (*Prize*).

2nd Place Certificates—

Childs, Dudley, Torquay (May, 1933) (*Prize*).
Jacot-Guillarmod, Marcel Henri, Bloemfontein (May, 1933) (*Prize*).
Bridle, Walter John, London (November, 1933).

3rd Place Certificates—

Prince, Edwin Stanley, Derby (May, 1933).
Ames, Russell Spencer Byhurst, London (November, 1933).

4th Place Certificates—

Walters, Arthur Paul Goth, London (May, 1933).
Webster, William Joe Ward, London (November, 1933).

5th Place Certificates—

Gadsden, John Henry, London (May, 1933).
Brown, David Lumsden, London (November, 1933).

6th Place Certificates—

Bennion, Edward, Maidstone (May, 1933).
Lawrie, Stanley Thomas, London (November, 1933).

7th Place Certificate—

Sigwart, George Vincent, Northampton (May, 1933).

8th Place Certificate—

Tyler, Frank Andrew, London (May, 1933).

9th Place Certificate—

Hill, John Roland, Kingston-on-Thames (May, 1933).

PRELIMINARY EXAMINATION.

1st Place Certificates—

Jones, Leonard John Dennis, London (May, 1933) (*Prize*).
Goddard, Alfred Arthur, London (November, 1933).

2nd Place Certificate—

Ingham, David Roy, Grimsby (May, 1933).

3rd Place Certificate—

Smithies, Ernest, Leeds (May, 1933).

MEDALS.

The Society's Gold Medal for 1933 was awarded to Mr. Stephen John Kent, Leicester, who was placed first in order of merit at the Final Examination, held in May, 1933. A Silver Medal was awarded to Mr. George Eccles, Preston.

FOURTH INTERNATIONAL CONGRESS ON ACCOUNTING.

The Society of Incorporated Accountants and Auditors was one of the sponsoring bodies of the Fourth International Congress on Accounting, held in London in July, 1933. The President of the Congress was the Right Hon. Lord Plender, G.B.E., LL.D., F.C.A., and the Vice-President was Sir James Martin, M.B.E., F.S.A.A. The Society was represented on the Executive Committee by Mr. Henry Morgan, F.S.A.A. (Vice-Chairman of the Committee), Mr. E. Cassleton Elliott, F.S.A.A. (Chairman of the Papers and Publications Committee), and Sir Thomas Keens, D.L., F.S.A.A.

Delegates and visitors from bodies of accountants in the British Dominions and other countries to the number of 169 were received and entertained. Among those present were Mr. E. van Dien, F.S.A.A., Amsterdam, and Colonel Robert H. Montgomery, C.P.A., New York, who were Presidents of previous Congresses.

A dinner was given in Guildhall (by kind permission of the Lord Mayor and Corporation of London), at which the Congress had the honour of receiving H.R.H. Prince George, K.G.

The following papers were submitted to the Congress by members of the Society :—

"International Finance," by Sir Josiah Stamp, G.B.E., D.Sc., F.S.A.A.

"Capitalist Combinations in Industry," by Mr. C. Hewetson Nelson, J.P., F.S.A.A.

"The Auditor's Responsibility in Relation to Balance Sheets and Profit and Loss Accounts," by Mr. Henry Morgan, F.S.A.A.

"Mechanical Accounting," by Mr. Robert Ashworth, F.S.A.A., F.C.A.

The Proceedings have been published in book form.

The Council of the Society recorded their thanks to Lord Plender and Sir James Martin for their services to the Congress.

MUNICIPAL CORPORATIONS (AUDIT) ACT, 1933.

The Royal Assent was given to the Municipal Corporations (Audit) Act. Under its provisions a Municipal Corporation, by resolution of the Council, may appoint, in substitution for Borough Auditors elected under the Municipal Corporations Act, 1882, either District Auditors of the Ministry of Health or Professional Auditors. The qualifications for appointment as professional auditors are set forth in a Schedule to the Act.

The Act was subsequently repealed by, and its provisions were incorporated unchanged in the Local Government Act, 1933.

SOUTH AFRICA.

Following negotiations between the South African Committees of the Society and the bodies of accountants established in the Union of South Africa and in Southern Rhodesia, the Council approved a scheme to enable candidates in South Africa to qualify simultaneously for membership of the South African Societies and of the Society of Incorporated Accountants and Auditors.

HONOURS LIST.

The Council desires to record its pleasure at the Honour of Knighthood conferred by His Majesty upon Sir Thomas Keens, D.L., F.S.A.A., Past President of the Society, for his public services, and announced in the New Year Honours List, 1934.

In the same Honours List appears the name of the Secretary of the Society, Paymaster-Commander A. A. Garrett, R.N.R. (Retired), who was awarded the distinction of M.B.E. (Military).

JUBILEE OF THE SOCIETY.

The Council have appointed a Committee to consider the celebration of the Jubilee of the foundation and incorporation of the Society, which falls in the year 1935.

BRANCHES AND DISTRICT SOCIETIES.

The President and Vice-President have visited a number of District Societies during the year, and a Conference of Representatives of Branches and District Societies was held in London in the month of May.

The Council approved, subject to certain conditions, the formation of a Consultative Committee of Incorporated Accountants in Liverpool, from which members of the Society in that district may seek advice on professional questions. A similar Committee has been established by the South African (Eastern) Section at Durban.

DISCIPLINARY COMMITTEE.

Upon reports being made by the Disciplinary Committee, the Council excluded one Fellow and one Associate from the membership of the Society.

DEBENTURES.

In accordance with the terms of the Trust Deed, £7,000 of the debentures of the Society, being part of the issue of £70,000, were drawn for redemption and were repaid on December 30th, 1933.

INCORPORATED ACCOUNTANTS' JOURNAL.

The forty-fourth volume of the *Incorporated Accountants' Journal* for the year 1932-33 contained a report of the Proceedings at the Fourth International Congress on Accounting, 1933, including a selection of the papers presented to the Congress.

COUNCIL.

The following members of the Council retire under the provisions of Article 49, and, being eligible, offer themselves for re-election:—

Dr.			REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31ST, 1933.						Cr.		
EXPENDITURE.			INCOME.								
	£	s. d.	£	s. d.		£	s. d.	£	s. d.		
To Salaries			5,846	4	3	By Subscriptions			17,328	8	3
„ Rates	716	15 6				„ Entrance Fees—					
„ Insurances	137	18 9				65 Fellows	341	5 0			
„ Housekeeper, Lighting, Telephone, &c. ..	833	18 6				327 Associates ..	3,433	10 0			
			1,688	12	9				3,774	15	0
„ Travelling Expenses ..	1,127	8 9				„ Examination Fees			6,208	2	6
„ Stationery and Printing, including Year Book ..	2,150	14 2				„ Dividends on Investments, less Loan Interest (Gross)			906	0	0
„ Postages and Telegrams ..	383	5 10				„ Sundry Fees			504	7	8
„ Legal and Parliamentary Expenses	193	11 6				„ Hire of Rooms			414	5	0
„ Advertisements	784	7 11				„ Contribution from London and District Society for Secretarial and Office Expenses			500	0	0
„ Subscriptions to Chambers of Commerce	82	8 6				„ Contribution from <i>Incorporated Accountants' Journal</i> towards Office Expenses			200	0	0
„ Auditors' Fees and Expenses	69	19 6									
„ Miscellaneous Expenses ..	710	9 5									
„ Decorations and Repairs..	94	7 7									
			5,596	13	2						
„ Expenses of Examinations and Prizes			4,078	3	5						
„ Grants to Branches and District Societies			3,984	17	3						
„ Additions to Library			198	5	6						
„ Depreciation of Furniture, &c.			226	0	0						
„ International Congress on Accounting			1,455	16	1						
„ Debenture Interest (Gross)			3,500	0	0						
„ Reserve for Redemption of Debentures :—											
Annual Instalment and Interest			1,483	11	6						
„ Balance, being surplus of Income over Expenditure for the year			1,777	14	6						
			£29,835	18	5				£29,835	18	5

London.

Mr. Edward Cassleton Elliott.
Mr. Walter Holman.
Mr. William Paynter.

Provinces.

Mr. Richard Wilson Bartlett, J.P.
Mr. Arthur Collins.
Mr. William Allison Davies, O.B.E.
Mr. Alan Standing.
Mr. Frederic Walmsley, J.P.
Mr. Edward Watts Catherington Whittaker, J.P.

Mr. George Stanhope Pitt tendered his resignation as a member of the Council on grounds of health. Mr. Pitt's resignation was accepted with regret. A resolution was adopted by the Council recording its appreciation of the valuable services rendered by Mr. Pitt during his membership of the Council for thirty-three years, in the course of which period he served the office of President (1923-1926) with distinction and rendered special service in connection with the acquisition of the Society's Hall.

Mr. Albert Stuart Allen, Fellow, London, has been appointed to fill the occasional vacancy on the Council created by Mr. Pitt's resignation. The further occasional vacancy, caused by the death of Mr. Ernest T. Kerr, has been similarly filled by the appointment of Mr. John Paterson Brodie, Fellow, Stoke-on-Trent. Mr. Allen and

Mr. Paterson Brodie now submit themselves for election by the members.

PRESIDENT AND VICE-PRESIDENT.

At a meeting of the Council held in May, 1933, Mr. Edward Cassleton Elliott, London, was re-elected President, and Mr. Richard Wilson Bartlett, Newport, Mon., Vice-President of the Society.

AUDITORS.

The retiring Auditors are Mr. Arthur Henry Hughes, London, and Mr. Robert Heatley, Manchester. Mr. Hughes offers himself for re-election, but the Council regret to note that on account of health Mr. Robert Heatley will not submit himself for re-appointment at the Annual General Meeting. The Council will ask the members to fill the vacancy for a Provincial Auditor.

ACCOUNTS.

The audited Accounts of the Society for 1933 are annexed to this Report.

E. CASSELETON ELLIOTT,
President.
R. WILSON BARTLETT,
Vice-President.

ALEXANDER A. GARRETT,
Secretary.

Incorporated Accountants' Hall,
Victoria Embankment, London, W.C.2.
March 20th, 1934.

Dr.		BALANCE SHEET, AS AT DECEMBER 31ST, 1933.						Cr.	
		LIABILITIES.							
		£	s.	d.	£	s.	d.		
Mortgage Debentures	..				63,000	0	0	Freehold Property—Incorporated Accountants' Hall, at Cost	.. .. 100,954 17 1
Sundry Creditors	.. ..	6,293	6	5				Furniture and Fittings at Cost, less amounts written off	.. .. 4,106 17 11
Bank Loan (since repaid)	.. ..	3,515	0	0				Library at Cost, less amounts written off	.. 300 0 0
					9,808	6	5	Investments at Cost—	
Subscriptions and Fees received in advance	.. ..				1,243	6	3	£6,000 Os. Od. 4½% Conversion Stock 1940-44	.. £5,461 13 3
Reserve for Debenture Redemption—								£6,500 Os. Od. 4% Funding Stock 1960-90	.. .. 5,878 7 6
Balance from 1932	..	5,864	9	3				£3,000 Os. Od. 3½% Conversion Stock	.. .. 2,976 5 8
Annual Instalment	..	1,250	0	0				£2,000 Os. Od. 4½% Borough of Harrogate Loan	.. 2,000 0 0
Interest	.. ..	233	11	6				£2,000 Os. Od. 4½% Borough of Worthing Loan	.. 2,000 0 0
					7,348	0	9	(Market Value of Investments, December 31st, 1933, £20,855 10s. Od.)	18,316 6 5
Accumulated Fund—								Gifts—	
Balance at 31st December, 1932	.. ..	45,152	18	10				£400 Os. Od. 5% Society of Incorporated Accountants and Auditors Debentures	400 0 0
Surplus for 1933—								Sundry Debtors and Dividends accrued	.. 863 12 4
General Account	..	1,777	14	6				Cash at Bank and in Hand	.. .. 3,405 11 3
Journal Account	..	16	18	3					
					46,947	11	7		
E. CASSELETON ELLIOTT, <i>President.</i>									
C. HEWETSON NELSON,									
<i>Chairman of Finance Committee.</i>									
March 20th, 1934.									
					£128,347	5	0		£128,347 5 0

AUDITORS' REPORT TO THE MEMBERS.

We report to the members that we have examined the foregoing Accounts, together with the books of the Society and the vouchers relating thereto, and have verified the Investments and Cash Balances. We have obtained all the information and explanations we have required, and in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Society's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Society.

ROBERT HEATLEY, } *Incorporated*
ARTHUR H. HUGHES, } *Accountants.*
Auditors.

LONDON, April 20th, 1934.

FINANCE BILL.

The following are the provisions of the Finance Bill relating to Income Tax and certain other financial matters :—

PART II. Income Tax.

17.—(1) Income tax for the year 1934-35, shall be charged at the standard rate of four shillings and sixpence in the pound, and, in the case of an individual whose total income from all sources exceeds two thousand pounds, at such higher rates in respect of the excess over two thousand pounds as Parliament may hereafter determine.

(2) All such enactments as had effect with respect to the income tax charged for the year 1933-34 shall have effect with respect to the income tax charged for the year 1934-35.

HIGHER RATES OF INCOME TAX FOR 1933-34.

18. Income tax for the year 1933-34 shall be charged, in the case of an individual whose total income from all sources exceeded two thousand pounds, at the same higher rates in respect of the excess over two thousand pounds as were charged for the year 1932-33.

INCOME TAX ON CERTAIN RENTS, MINING ROYALTIES, &c.

19.—(1) Where rent is payable in respect of any land the property in which is not separately assessed and charged under Schedule A, or in respect of any easement, and—

(a) the land or easement is used, occupied or enjoyed in connection with any of the concerns specified in Rules 1, 2 and 3 of No. III of Schedule A ; or

(b) the lease or other agreement under which the rent is payable provides for the recoupment of the rent by way of reduction of royalties or payments of a similar nature in the event of the land or easement being used, occupied or enjoyed as aforesaid ;

the rent shall be charged with tax under Schedule D and shall, subject to the provisions of this section, be treated for the purpose of such of the provisions of the Income Tax Acts as refer to royalties paid in respect of the user of a patent as if it were such a royalty :

Provided that where the rent is rendered in produce of the concern, it shall, instead of being treated as aforesaid, be charged under Case III of Schedule D as if it were mentioned in Rule 1 of the Rules applicable to that Case, and the value of the produce so rendered shall be taken to be the amount of the profits or income arising therefrom.

(2) Subject to the provisions of section two of the Provisional Collection of Taxes Act, 1913, a deduction from a payment of rent made by any person on account of income tax at any time before the passing of this Act, which would have been a legal deduction if the provisions of this section had been in force at that time, shall be deemed for all purposes (including all the purposes of legal proceedings instituted before the passing of this Act) to have been a legal deduction to which all the provisions of Rule 19 or Rule 21 of the General Rules, as the case may be, were applicable.

(3) The provisions of sub-section (2) of section two hundred and eleven of the Income Tax Act, 1918, shall have effect as if this section had come into operation on the sixth day of April, nineteen hundred and thirty-four.

(4) For the purpose of this section—

(a) the expression "land" means lands, tenements, hereditaments and heritages ;

(b) the expression "easement" includes any right, privilege or benefit in, over or derived from land :

(c) the expression "rent" includes a rent service, rent charge, fee farm rent, feu duty or other rent, toll, duty, royalty or annual or periodical payment in the nature of rent, whether payable in money or money's worth or otherwise, but does not include any of the payments enumerated in Rules 1 to 6 of No. II of Schedule A.

(5) Rule 5 of No. III of Schedule A (which provides for the computation of the annual value of the produce of any such concern as aforesaid) shall cease to have effect.

PART IV.

Miscellaneous and General REPEAL OF LAND VALUE TAX.

25. The provisions of Part III of the Finance Act, 1931 (which charges land value tax), shall cease to have effect, except the provisions of section twenty-eight of the said Act and other provisions relating to that section.

ESTATE DUTY IN RESPECT OF ANNUITIES AND OTHER INTERESTS.

26. For the purposes of paragraph (d) of sub-section (1) of section two of the Finance Act, 1894, where an annuity or other interest has been purchased or provided by the deceased, either by himself alone or in concert or by arrangement with any other person, the extent of any beneficial interest therein accruing or arising by survivorship or otherwise on the death of the deceased shall be ascertained, and shall be deemed always to have been ascertainable, without regard to any expectant interest the beneficiary may have had therein before the death :

Provided that, in a case where the deceased died before the passing of this Act, this section shall not apply to a beneficial interest accruing or arising under a disposition of property which was in possession during the lifetime of the deceased and produced income falling to be dealt with under the disposition during his lifetime, if—

(a) no person was indefeasibly entitled under the disposition to the beneficial enjoyment of that property or the income thereof, or any part of that property or income, until the death of the deceased ; and

(b) no estate duty was paid in respect of the beneficial interest before the eighth day of December, nineteen hundred and thirty-two.

SHORT TITLE, CONSTRUCTION, EXTENT AND REPEALS.

27.—(1) This Act may be cited as the Finance Act, 1934.

(2) Part I of this Act, so far as it relates to duties of customs shall be construed as one with the Customs Consolidation Act, 1876, and so far as it relates to duties of excise shall be construed as one with the Acts which relate to the duties of excise and to the management of those duties, and for the purposes of the said Part I—

(a) the expression "the Commissioners" means the Commissioners of Customs and Excise ;

(b) the expression "the Committee" means the Import Duties Advisory Committee ;

(c) the expressions "general ad valorem duty" and "additional duty" have respectively the same meanings as in the Import Duties Act, 1932, as amended by sub-section (2) of section sixteen of the Finance Act, 1933.

(3) Part II of this Act shall be construed as one with the Income Tax Acts.

(4) Any reference in this Act to any other enactment shall be construed as a reference to that enactment as amended or applied by any subsequent enactment including this Act.

(5) In this Act the expression "the United Kingdom" does not include the Isle of Man.

(6) Such of the provisions of this Act as relate to matters with respect to which the Parliament of Northern Ireland has power to make laws shall not extend to Northern Ireland.

(7) The enactments set out in the Fourth Schedule to this Act are hereby repealed to the extent mentioned in the third column of that Schedule.

FOURTH SCHEDULE. Enactments Repealed

Session and Chapter.	Short Title.	Extent of Repeal.
8 & 9 Geo. 5, c. 40. 14 & 15 Geo. 5, c. 21.	The Income Tax Act, 1918. The Finance Act, 1924.	Rule 5 of No. III of Schedule A. As from the first day of October, nineteen hundred and thirty-four, in sub-section (1) of section eighteen the words from "subject to the payment" to "ten shillings."
16 & 17 Geo. 5, c. 22.	The Finance Act, 1926.	In sub-section (2) of section ten the words from "and the duty" to the end of the sub-section; in the third column of the Third Schedule the figure 5; and, as from the first day of January, nineteen hundred and thirty-five, in section forty-two the words "or under paragraph 6 of the Second Schedule to the Finance Act, 1920."
21 & 22 Geo. 5, c. 28.	The Finance Act, 1931.	Sections ten to twenty-seven; sections twenty-nine to thirty-one; in section thirty-two the words from 'Agricultural land' to the end of the definition of 'Farm house,' the definitions of "Local authority" and "Mineral wayleave," and the words from "Playing field" to the end of the section; section thirty-three; in section thirty-four the words "in connection with the value of land" and the words from "and any" to "1910"; paragraphs (a) to (e), (g) to (v), (y) and (z) of section thirty-five and in

Session and Chapter.	Short Title.	Extent of Repeal.
22 & 23 Geo. 5, c. 8.	The Import Duties Act, 1932.	paragraph (f) of that section the words " 'Tithe' means 'teind,' " the words " 'mortgagee,' 'mortgaged estate' and," and the words from "incumbrance" to the end of the paragraph; and the First Schedule.
22 & 23, Geo. 5, c. 25.	The Finance Act, 1932.	Proviso (a) to sub-section (5) of section nineteen. Sub-sections (1) and (3) of section two; in paragraph (b) of sub-section (2) of section nine the words "in the manufacture of goods of that class or description"; section twenty-seven; the First Schedule; and, as from the first day of January, nineteen hundred and thirty-five, section thirteen.
23 & 24 Geo. 5, c. 19.	The Finance Act, 1933.	Sub-section (4) of section six.

Changes and Removals.

Mr. Arthur G. Howard, Incorporated Accountant, announces a change of address to 7, Great Winchester Street, London, E.C.2.

Mr. Percy G. Stenbridge, Incorporated Accountant, has removed his offices to Cadogan Chambers, 6, Cherry Street, Birmingham 2.

Mr. Harry Williams, Incorporated Accountant, has commenced public practice at 1, Ickenham Road, Ruislip.

Mr. A. C. Chakravarty, Incorporated Accountant, has entered into partnership with Mr. D. N. Chakravarti, M.A. They will practise under the style of Chakravarti, Ghosh & Co., at 8-2, Hastings Street, Calcutta.

Messrs. Chandulal & Co., Incorporated Accountants, have removed their office from 418, Kalbadevi Road, Bombay, to 172-174, Hornby Road, Fort, Bombay.

Messrs. Sorab S. Engineer & Co., Incorporated Accountants, 45, Apollo Street, Fort, Bombay, announce that they have admitted into partnership Mr. K. S. Engineer, B.Com., Incorporated Accountant. The name of the firm will be unchanged.

Messrs. Hardy, Hislop & Co., announce that they have amalgamated their practice with that of Messrs. Clinch and Legge, and that they have admitted into partnership Mr. E. G. Essex, Chartered Accountant, and Mr. F. L. Paviere, Chartered Accountant. The combined practice will in future be carried on under the style of Clinch, Legge & Co., at 52, Bedford Row, London, W.C.1; Hurdis House, Broad Street, Seaford, and 196, High Street, Uckfield, Sussex.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following promotions in, and additions to, the membership of the Society have been completed since our last issue :—

ASSOCIATES TO FELLOWS.

- ALEXANDER, JOHN HENRY, A.C.A., City Chambers, Leeds, Practising Accountant.
- FROST, WILLIAM ROYCE (W. R. Frost & Co.), 3, High Street, Totnes, Devon, Practising Accountant.
- HUGGINS, JOHN GILBERT (Read & Thomson), 10, Finsbury Square, London, E.C.2, Practising Accountant.
- HYSLOP, HUGH (Gibson, Whiteley & Co.), 404-8, Reserve Bank Chambers, Wale Street, Cape Town, South Africa, Practising Accountant.
- SHARPE, ERNEST JOHN (Sharpe, Castle & Co.), Bank Chambers, 166, Rushey Green, Catford, London, S.E.6, Practising Accountant.
- SCOUGAL, JAMES, Treasurer and Accountant, Beckenham Urban District Council, Town Hall, Beckenham, Kent.
- THOMAS, WILLIAM (Fredk. J. Webb, Krinks & Thomas), 1, Yelverton Road, Bournemouth, Practising Accountant.
- WILLIAMS, THOMAS EDWARD (E. J. Williams & Co.), Exchange Buildings, 14, Lowther Street, Carlisle, Practising Accountant.

ASSOCIATES.

- BOSWORTH, WILLIAM JOSEPH SIDNEY, Clerk to Stanley Blythen & Co., Victoria Chambers, Long Eaton.
- BRAMWELL, WILLIAM DALE, Clerk to Halsey & George, Rennies Buildings, Smith Street, Durban, South Africa.
- BROWN, HERBERT JOHN LAW, Clerk to E. Clothier and Thornton-Dibb, 5, Royal Exchange Buildings, Smith Street, Durban, South Africa.
- CHATER, THOMAS FAREY, A.C.A. (Cattell & Chater), Bank Chambers, High Street, Kettering, Practising Accountant.
- CRAWFORD, STEPHEN LEONARD TAPLIN, A.C.A. (Ferguson-Davie, Harris & Co.), 83, Cannon Street, London, E.C.4, Practising Accountant.
- DAVIDSON, ALLAN DEMPSTER, B.Com., Clerk to George Mackeurtan, Son & Crosoer, Old Well Court, Smith Street, Durban, South Africa.
- ELLIOTT, HERBERT, Treasurer's Department, West Riding County Council, County Hall, Wakefield.
- FRITH, WALDO EARL, Clerk to George Mackeurtan, Son and Crosoer, Old Well Court, Smith Street, Durban, South Africa.
- OGDEN, AGNEW GEORGE, Clerk to Jacques & Stirk, 9, Henry Street, Keighley, Yorks.
- OLDLAND, FREDERICK LANGRIDGE, Clerk to Singleton Fabian & Co., 8, Staple Inn, London, W.C.2.
- PARLETT, STANLEY CHARLES, Clerk to Harper-Smith and Moore, 30, London Street, Norwich.
- PEDLEY, ALBERT, Clerk to Keens, Shay, Keens & Co., 11, George Street West, Luton.
- PRICE, RICHARD NEWMAN, Clerk to Cole, Dickin & Hills, 18, Essex Street, Strand, London, W.C.2.
- RABJOHNS, PHILIP DAVID, Clerk to C. N. Rowe, 35, Foregate Street, Worcester.

SANDISON, GEORGE MACKINTOSH, Clerk to Halsey & George, Rennies Buildings, 394, Smith Street, Durban, South Africa.

WATSON, WALTER FREDERICK, Clerk to Daffern & Co., 19-20, High Street, Coventry.

WILLIAMS, HAYDN, Clerk to E. Claude Jones, 6, Park Grove, Cardiff.

CONFERENCE OF BRANCHES AND DISTRICT SOCIETIES WITH THE COUNCIL.

At the annual conference of representatives of Branches and District Societies which was held at Incorporated Accountants' Hall on May 16th, Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors) presided, and the following were present :—Mr. R. Wilson Bartlett (Vice-President), Mr. J. Paterson Brodie, Mr. H. J. Burgess, Mr. D. E. Campbell, Mr. Frederick Holliday, Mr. Walter Holman, Mr. Edmund Lund, Mr. Henry Morgan, Mr. James Paterson, Mr. W. Paynter, Mr. A. E. Piggott, Mr. Percy Toothill, Mr. A. H. Walkey, Mr. R. T. Warwick, Mr. Richard A. Witty, Mr. C. Percy Barrowcliff (Newcastle District Society), Mr. E. T. Brown (Birmingham District Society), Mr. A. H. Crumpton (Hull District Society), Mr. Charles M. Dolby (Liverpool District Society), Mr. T. W. Dresser (Yorkshire District Society), Mr. R. Simpson Duthie (Cumberland and Westmorland District Society), Mr. Alfred E. Goskar (Swansea and South-West Wales District Society), Mr. Alexander Hannah (Liverpool District Society), Mr. Donald V. Hayden (East Anglian District Society), Mr. Thomas Hayes (Yorkshire District Society), Mr. Leslie Lewis (Sheffield District Society), Mr. W. T. Manning (Leicester District Society), Mr. T. O. Morgan (Swansea and South-West Wales District Society), Mr. W. Bertram Nelson (Liverpool District Society), Ald. John Potter, M.P. (North Lancashire District Society), Mr. Halvor Piggott (Manchester District Society), Mr. G. Roby Pridie (London Students' Society), Mr. F. A. Prior (Notts, Derby and Lincoln District Society), Mr. J. Scott-Moore (London and District Society), Mr. W. H. Stalker (Newcastle District Society), Mr. Percy G. Stembridge (Birmingham District Society), Mr. Joseph Stephenson, O.B.E. (London and District Society), Lt.-Col. R. C. L. Thomas (South Wales and Monmouthshire District Society), Mr. Charles L. Townend (Bradford District Society), Mr. Joseph Turner (Manchester District Society), Mr. E. J. Waldron (South of England District Society), Mr. Percy H. Walker (South Wales and Monmouthshire District Society), Mr. S. I. Wallis (Notts, Derby and Lincoln District Society), Mr. F. A. Webber (West of England District Society), Mr. E. J. Williams (Cumberland and Westmorland District Society), Mr. R. W. Woodhead (North Staffordshire District Society), Mr. J. R. W. Alexander (Standing Counsel), Mr. A. A. Garrett (Secretary), and Mr. Ernest E. Edwards (Parliamentary Secretary).

A number of matters affecting the accountancy profession were discussed and several recommendations were made for the better functioning of Branches and District Societies.

After the Conference the President and members of the Council entertained the representatives of the Branches and District Societies to luncheon at the Waldorf Hotel. Mr. E. T. Brown (President of the Birmingham District Society), in proposing the health of the President, referred to the value of Branch and District Society Conferences, and expressed the thanks of the guests for the hospitality accorded to them. The President replied.

Economics and Its Principles.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District, by

Mr. W. H. COATES, B.Sc. (Econ.), Ph.D.

Mr. E. CASSELTON ELLIOTT, President of the Society of Incorporated Accountants and Auditors, occupied the chair.

Mr. COATES said: In choosing this subject to-night I have some fears that I have made a mistake. First, the title is too wide. I can only hope lightly to cross part of the ground. Secondly, I have the honour to be one of the Society's Examiners in Economics and Statistics. When an Examiner speaks on his own subject he invites two dangers. The first is that he may destroy a part of the pedestal of respect on which I hope all examiners rest; and the second is that he may be quoted against himself in the answers he is destined to review in the future.

I hope not to talk to you in the style of a textbook. We are often told that economics is a dismal science because it deals with topics in which the ordinary man finds it hard to take a real interest. It is associated with competition, falling prices and other unpleasant matters. I want to plead that economics is an extraordinarily fascinating study. Whatever we may say to the contrary, we are all intensely interested in other people's lives, in their doings, in the way they get their living, in their prosperity, and, perhaps above all, in their misfortunes. So we all gossip. Gossip rests, I think, on a basis of mild malice. Perhaps that is one of the reasons why economics is not interesting to the majority of people. It asks us to concern ourselves with other people's welfare and not their ills. The basis of all economic study lies in people's actions and reactions, and even extends into the field of emotion, where, for instance, it touches the economic act of saving, as stimulated by the love of wife and children. It may range out into the vices when speculation becomes based upon the human failing of greed. Where it concerns big business, whether industrial, financial or commercial, it cannot ignore the attractions of power and place. These, of course, are legitimate aspirations when used in proper measure, though they may turn, through abuse, into the field of crime. The economic system is an acquisitive one, resting partly at any rate upon the theory that men will work best when they work to advantage themselves and their families. So selfishness, which in some measure and in some aspects is to be condemned, in the economic system becomes a mainspring of action. Yet there are limits to the desirability of this quality. Pushed too far, the use of place and power, or the use of influence, will be in conflict with the well being of the community as expressed by the need for efficiency in economic work. When authority fails, for instance, to choose the best instrument for its purpose and sets another in the place of the man best fitted for the job, that, if I may so phrase it, is a wrong against the common welfare.

Professor Robbins defines economics as being "concerned with that aspect of behaviour which arises from the scarcity of means to achieve given ends." This definition is, of course, wide enough to cover much more than that which we commonly call economics. M. Staviskey might well have attributed his recent frauds in France to the scarcity of his means to achieve a given end. On that footing a study of his behaviour during the past few years might well be brought within the scope of economics. The definition is, however, useful from its generalised form because it does concentrate our attention on the fact that the real interest of economics, and the

application of its principles, is in the human behaviour. But the definition is based on "the scarcity of means." Let us look for a moment, therefore, at the effects of scarcity upon the four factors of production—capital, land, labour, and management.

CAPITAL.

Cannan suggests that we should use the word "capital" "in the perfectly well defined useful senses in which it is commonly used by intelligent commercial and ordinary persons, whose language has not been corrupted by too great familiarity with the misguided attempts of economists to improve their mother tongue."

You will admit that is sufficiently discouraging to anyone who feels tempted to embark upon a new definition. It is better at once to distinguish between capital in the financial sense and capital in the material sense. In the former it belongs rather to the branch of money combined with the effect of the law of demand. But money is so large a branch of economics that I propose to omit it from our itinerary this evening. In the material sense capital is best conceived as material equipment indicating (in Cannan's words) "the products of past labour which are embodied in material things and are still in existence and useful."

It is convenient to think of material capital so defined as a kind of solidified consumption. Some things, as Cannan says, have been produced and not consumed. But that is not really helpful. If we wish to provide some permanent material equipment, then people have to apply the existing factors of production to its provision. All who work upon its construction have to be maintained. They must be housed, clothed and fed, normally amused, educated, and so forth. As the equipment is to be durable, it obviously cannot meet these needs itself. The consumption demands of those engaged upon the task must be met out of the current production of such consumption supplies. Persons who would have been otherwise entitled to consume those supplies themselves will have refrained from that act in order that those engaged on the task may be maintained during the period of construction. This covers the labour and management ends. We may include among their number past generations who have worked in similar fashion for the accumulation of earlier material equipment employed in the production of raw material embodied in the new or later equipment.

On this conception it is clear why capital, in the sense of material equipment, is scarce. As Keynes points out, the annual flow of consuming power in the hands of the community has to be divided into two streams. One is applied to current consumption needs; the other to savings, or abstention from consumption at the moment. Here is a point at which there is behaviour in the application of scarce means to given ends. From another aspect, it is a division in time between the present and the future. The scarcity of application to the future arises from the demands of the moment, or current consumption, in relation to the total of the means available in the hands of the person concerned with the decision.

LAND.

Land, being limited in quantity, is always scarce in that respect. But land, like other things, has qualities, and the differentiation to those qualities confers special attributes upon different pieces of land. Land may, therefore, be scarce in particular, while plentiful in the simple sense. Scarcity of land may therefore spring from different qualities of the soil, the height or configuration of the land, the existence of navigable waters, easy access by road or rail to centres of population, the drainage of

the sub-soil, the presence or absence of minerals, the nature of the climate, and so forth.

LABOUR.

Scarcity of labour in these days of unemployment is a more difficult conception. It must centre mainly around the quality of the labour, or rather the abilities of the worker himself. It will be related partly to the age distribution of the population at any time. The actual supply will be a function of factors of many years before. The powers of the individual rest partly upon heredity and environment, and partly upon political habits, as expressed in health and other services, combined with the standard of education which public opinion has brought about. Scarcity also centres round willingness to work, or given that, round the intensity of concentration, or effort, or co-operation that will be applied.

MANAGEMENT.

In management the scarcity is more evident. Here again it is a question of qualities and the distribution of abilities required for the complex functions which management signifies.

One of the critical questions to be put when considering economic problems is the effect of this element of scarcity upon the factors involved.

RENT AND SCARCITY.

In relation to the remuneration of land, of labour, and of management, the attribute of quality is of great importance, because it leads to the development of the theory of rent, or a differential remuneration or reward expressing through the price system the differences in quality. Such differences of quality may be expected to yield different volumes of production. It is a natural conclusion that the additional amount which one would be willing to pay in respect of a higher quality is to be measured, within the limits of the judgment of the buyer, by the different expectations of yield which he hopes to secure from that qualitative difference. In the field of wages I am not sure that this theory works out, at least not fully. It is to be observed broadly as between different occupations, but in any given occupation remunerated on a time basis, the tendency is to provide the same rate of pay and not to distinguish between the different measures of individual abilities possessed by the separate workers. The practice of piece-work, on the other hand fully recognises the rent of ability, subject perhaps to some influence of custom. To pursue this matter further would take me rather deeply into the theory of wages, and its complexity and indeterminateness would be in conflict with the amount of time I have to-night.

PRINCIPLE OF SUBSTITUTION.

In the capitalistic system the mainspring of effort is personal award, which is expressed under a monetary economy by a command of purchasing power. This end is so attractive that it leads naturally to the economic law of substitution. Given the axiom that personal reward—call it profit, or wages, or interest, or salaries, or what you will—is attractive, it is clear that there will be constant effort so to arrange or use the factors of production as to leave the largest reward possible. This is particularly true as regards capital and management. It is equally true, though in a different sense, in regard to land and labour. There is insufficient recognition of the truth that the factors of production can be used in different proportions to achieve the same end. The entrepreneur is, therefore, always seeking the most economical method of use. Wherever he sees an advantage to be gained, by substituting a little more of one factor for another, he will not hesitate to make that change as

soon as possible. Here we have the chief influence governing the supply side of value. A qualification to this tendency springs, however, from the fact that when once monetary capital or command over financial resources has been given up in exchange for material equipment destined to be used in production processes, any early or immediate change is likely to involve some loss through the abandonment of that particular material equipment and its replacement, either by a duplicate or by the alternative use of another factor of production—for example, more labour. This fact makes for caution in the application of liquid resources to new material equipment. But it also makes for a natural hesitation, once the new instrument of production has been obtained, in adopting alternative means.

SCIENCE AND SUBSTITUTION.

To-day we have the growth of knowledge constantly reinforcing the pressure of the law of substitution. Industrial and commercial research is proceeding on all sides. Throughout the laboratories of the world, whether maintained by industries themselves or university endowments, or State support, there is an ever-pressing search for new knowledge on the one hand, and for means of applying new knowledge to production processes on the other hand. I doubt whether even in the early days of the Industrial Revolution there was such a rapid advance on this front. Little by little, year by year, the secrets of nature are being penetrated. Chemical, metallurgical, and physical investigations constantly threaten the practices of the past as embodied in existing material equipment. Whenever expenditure has been incurred of that nature and insufficient time has elapsed for the recovery of the capital value through the emergence of annual profits, a loss of investment is threatened. The law of substitution must therefore take a prominent place in the study of economics.

MARGINAL PRINCIPLE.

But in the application of the law of substitution we touch another great principle, called the marginal principle. It is obvious that in making any choice between alternatives the range of difference between them will, from time to time, be extremely narrow. In such cases the question will be posed in common language of—Is it worth while doing so-and-so? Here we have the margin of doubt. It is a question as to desirability of two alternative things. One can be substituted for the other. Each one will yield its relative advantage, and when they nearly coincide it is clear that movements will be more easily judged than when the difference is comparatively large. The margin, therefore, may be envisaged as the line along which movement can be seen. It represents a boundary at which action tends to stop. It is like the surface of the sea compared with the depths below. In both there may be a like action, but the surface is the point of observation. The marginal principle operates over a very wide field. It is of the greatest importance in all industrial and commercial problems. Governments cannot overlook it in dealing with methods of administration or taxation. Wider still, it is of supreme importance to everyone gainfully occupied, and, indeed, to everyone in the receipt of an income, whether earned or unearned, or the product of someone else's bounty. Here the key-point is the desire of everyone to make the most of the monetary resources falling into his hands from whatever source. In the realm of consumption we are all too well aware of the alternatives of choice presented to us. It is, perhaps, most acute at Christmas time when you go out to choose presents for your relatives and friends. The wealth of choice is overwhelming. Decisions must be made, and in that limited field they are governed by the judgment of another's satisfaction. The more

common course is satisfying one's own wants. Here the problem is subjective and passes perhaps into a realm beyond analysis. It is instinctive rather than reasoned. But the student appreciates that the governing principle will be the answer to the question of—which do I want most, or like best, or which will give me the most satisfaction? Where quantities of common articles of consumption are concerned, ordinary human experience tells us that a margin is connected with a quantity. Sometimes the limit of demand is quickly reached in respect of any given period of time. Consider, for instance, the difference in this respect between the quantity of soup that you would wish to take at dinner, compared, perhaps, with the quantity of drinking beverage, whether it be water or champagne, that you take. In the language of the text-book, the unconscious determination of subjective decision is that the person concerned will endeavour to adjust the distribution of his expenditure over numerous common wants in such a manner that the satisfaction he derives from the marginal quantities taken of the particular commodities or services will be equal to one another.

DIMINISHING UTILITY.

You will have perceived in my illustration of the soup and champagne the operation of another principle of vital importance in economics, namely, the law of diminishing utility. Let us paraphrase Marshall:—

“The total pleasure of a thing to anyone or the other benefit it yields him increases with every increase of his stock of it, but not so fast as his stock increases.”

In this principle is to be found the root of the satisfaction that variety of consumption, occupation or amusement brings to most of us. Looked at from the other side it is an explanation of monotony. This law has to be regarded in relation to a short period of time, for otherwise one could not explain the perennial satisfaction of plain bread and butter. Marshall also points out that a small quantity of a commodity may be insufficient to meet special wants at a particular time, and that in such a case there will be a more than proportionate increase of pleasure when the consumer gets enough of it to enable him to attain the desired end. In his view that fact is of little practical importance. To me it seems worthy of more emphasis, because it introduces the conception of a curve rising steeply until it reaches the marginal point of satisfaction and then falling as rapidly.

The law of diminishing utility applies not only to commodities and services but to money or purchasing power itself. The additional satisfaction which a person derives from increments to his income diminishes with every increase in the amount of total income which he already possesses. On this fact has been founded the most potent fiscal weapon that man has devised, namely, the principle of progressive income taxation. The way in which that instrument has been and is still used all over the world to modify the structure of civilised society is familiar to all of us.

ELASTICITY OF DEMAND.

It is this self-same principle of diminishing utility which is the foundation of another concept, namely, the elasticity of demand. You will remember Marshall's law of demand—“The greater the amount to be sold, the smaller must be the price at which it is offered in order that it may find purchasers.” To persuade more buyers to enter the market the seller must search for lower prices and so extend down the scale of marginal utilities. He must try to tempt the expenditure of that unit of income which to

the possessor has a like utility to that of the unit of the commodity of which he is seeking to dispose. The connection between the increases in demand and decreases in price rests partly upon the fact that the marginal utility of money is greater for the poor than it is for the rich. As Marshall points out, both rich men and poor men ride on buses, but if a richer man rides a hundred times and a poorer man rides twenty times, then the utility to each of the last ride (assuming it is over the same stage) will be equal so far as the monetary measurement is concerned. In other words, that utility will be measured by the penny or twopenny fare, as the case may be. But the marginal utility to the poor man is much greater than it is to the rich man, simply because of the difference in the utility of money itself. The marginal demand for a commodity is therefore to be conceived as a narrow ribbon stretching along the line of distribution of individual incomes.

In every advanced community the distribution of income is not uniform. Some kind of natural law, which Pareto expressed in mathematical form, seems to govern the distribution of incomes. I need not be concerned with that to-night beyond pointing out the tendency for the number of incomes in any community to diminish with every increase in the range of income. A glance at the frequency distribution of incomes in this country liable to surtax will clearly show this phenomenon to you. It follows that the aggregate purchasing power in different sections of income range grows steadily as one proceeds downwards from the highest income class. An example will make it clear. One man with £100,000 a year will clearly not have as much purchasing power as two men with £75,000 a year. Or again, 500,000 people with £500 a year will count for less in the aggregate than 750,000 persons with £400 a year each. In this country estimated distributions of individual incomes show that as one descends the income scale the number of people in each class increases proportionately more rapidly than the amount of income decreases. Every fall opens up more marginal utilities. Nation wide advertising for articles of popular consumption also rests upon this reasoning. On this principle has been founded fortunes.

One has to distinguish, however, different strengths of the elasticity of demand. There is a gradation upwards as one passes from necessities to comforts, from comforts to recreation or amusement, and from that to luxury, including not only luxury of the body but luxury of the mind. Recent years have shown, for instance, how inelastic demand is in relation to downward movements of price where the primary food necessities are concerned. As someone has put it, this is caused by the comparative inelasticity of the human stomach.

TENDENCIES TO MOVEMENT.

The marginal principle and the phenomenon of elasticity of demand cover the demand side of the theory of value. On the supply side I have already said the principle of substitution is of primary importance. It expresses the efforts of the producer to provide supplies at the lowest possible cost, in which effort he will, using the four factors of production, endeavour to combine them in the most economical ratios, so that he may take advantage of the principles governing the demand side. The price of the generalised supply from which he must draw his portion of any one factor will again be governed by the margin up to which it pays different consumers of these elements to extend their purchases. There is constant movement tending always so to arrange the whole of the infinite number of factors concerned that there is a relative equality of reward.

*“Principles—Book III, Chapter 3, Paragraph 1.

THE CONTROL BY PRICE.

You will have noticed that the word "price" has crept into much of what I have said. The capitalist system rests, in fact, upon a price mechanism. The price of our present services, whatever our occupation, combined with the amount that we receive in respect of past services by ourselves and by our predecessors in the shape of investment income, constitutes the amount of our purchasing power. The price of the things that we want to buy controls the distribution of that purchasing power so far as it is spent on current consumption. As unconsciously we exercise our attempts to make marginal satisfactions equal, so do we decide through the mechanism of price what shall be produced. The price mechanism is operating not only on the consumption side but on the investment side, because long distance calculations have to be made before investment opportunities are provided. Price is, in effect, the link by which the principles of which I have spoken are brought into relation with one another.

IMMOBILE FACTORS.

In some respects, however, the tendency to movement is frustrated by a certain loss of mobility which attends a customary employment of any factor of production. I have already observed that when liquid capital in the shape of free monetary resources has been converted into material equipment, that equipment cannot readily change its form. Its degree of elasticity in this respect will partly depend upon its nature; the more specialised it is the greater its immobility of use. Land does not suffer from this defect to the same extent, although in certain cases a radical change can only be effected at considerable expense, as when arable land is laid down to pasture, or woodland is required for building purposes. The factor of management is theoretically, perhaps, least affected by this handicap, but practically it suffers in the same way. The theoretical position arises because management, especially that of the higher classes, is applicable not to specialised businesses, but rather to business as a whole. How else can we satisfactorily account for plurality of directors? Much of the highest management consists of the able application of financial, administrative, economic and statistical principles. Whatever the particular nature of the business may be, the able executive will be using the same intellectual powers, so that their application, though affected by the subject and improved by knowledge of it, is in part, at any rate, independent. But in practice, a detailed knowledge of the principal branches of the technique of markets, of arrangements made in the past, and, above all, of the personnel, both internal and external, is of such great value in any particular business that the problem facing any high executive, should he have the misfortune to lose his position, is extraordinarily difficult. It will not be easy to find entry upon the same plane into another business. In part his ability is general, and in part it is special. The larger the latter, the more immobility attaches. Professional men are in a better position, because their abilities, while specialised, are sold in a wide market. The demand of any one client is rapidly satiated.

The last factor of production—Labour—is, I think, in the most difficult position of all. You will remember that the four specialised characteristics of labour are:—

- (1) Its inelasticity as regards change;
- (2) Its immobility of movement;
- (3) Its perishability unless used day by day;
- (4) The inseparability of labour from the labourer.

Like management, labour has its special and its general qualities. It is difficult for the skilled cotton machinist

to turn to road mending. A general labourer, doing the roughest of work, may turn his hand to anything, so that his transferability from industry to industry is more easy.

While, therefore, there is a constant tendency towards movement, so that each of the infinite number of factors concerned, whether of personnel or material equipment, is seeking to achieve its highest reward, these frictions in the way of immobility prevent any full realisation of truly free competition. Interferences of this kind must always be guarded against in attempts to forecast the result of any economic action.

Further sources of friction will be found in the acts of interested parties whose financial or other strength may be relatively greater. Should an industry, for instance, be able to persuade the ruling political party that its national importance justifies interference with normal competitive law, then this disturbance of existing forces would deflect ordinary expectations. Monopolistic power is of the same kind. Different positions in the scale of distribution of income throw up different strengths among the parties between whom economic bargaining takes place. In this lies the justification for Trade Unions and Professional bodies. Similar discrepancies may arise because of the different means of access to knowledge. Every form of artificial interference such as those from which we suffer in such profusion to-day—for example, tariffs, restrictions upon foreign exchange, bi-lateral clearing agreements, quota systems, alterations in monetary standards, &c.—distort, in ways which are often beyond anticipation, the normal result of economic inter-relations.

DIVISION OF LABOUR.

A large part of modern powers of production rests upon the simple principle of the division of labour. You will remember Adam Smith's illustration of the pin makers. Even that power of production which comes from the application of scientific principles, whether in the field of chemistry, physics, engineering, metallurgy, or otherwise, depends for its efficacy upon this selfsame principle. It is the principle of expertness. From another aspect it is the principle of uninterruptedness. Modern industry thrives on long runs. That means, quite simply, that the machine, once it is set for its task, will be able with but a moderate amount of attention to continue to perform its function uninterruptedly over a long period. In some processes, operation is continuous. This principle in itself is part of the tendency towards a loss of mobility. Demand for many commodities is not a steady flow but swings with the influence upon public opinion, of education, new knowledge, fashion, weather conditions, and so forth. Changes require in their turn consequential alterations in the proportionate application of expertness, which in some degree or other modern industry requires of all of us. The blend of expertness has to be altered. Should the change be permanent, then some who have been required for one particular expertness become surplus. It is in such cases that immobility proves so difficult a problem. I have mentioned to you the fact that the total supply of labour is a result of causes operating many years before. In the same way, present expertness is a product of past years. Clearly, the higher the expertness, the longer it will have taken to acquire. To convert one high ability into another involves economic loss during the period of transition. It is the problem of adjustment, of faculties, and often of income—the problem of unemployment.

As with most subjects of study, the principles of economics can be regarded either in their static or dynamic condition. For the former purpose all factors may be

first regarded as in equilibrium with one another, so that observation may be directed to the theoretical effects when one factor is altered. This has much in common with the methods of scientific experiment, except that it is impossible to carry such observations into the practical field, for there nothing will remain static over a sufficiently long period. There is, of course, a close connection with the dynamic condition, for it is one of the real difficulties of economic reasoning that the movement of one factor is likely to bring in its train consequential alterations over a wide field. It is like moving one marble in a basin which is filled with marbles so that the previously existing equilibrium moves to a fresh position, in which almost every one of the marbles may have altered relatively to its neighbours.

In the dynamic field economics offer the most fascinating studies, for that is the moral condition of actual economic life. As the world grows more complex, and partly because its relationships become more intimate from this cause, apart from the complications introduced by the advance of knowledge, the opportunities for the disturbance of one or more factors multiples. In a simple economic system, one which characterised, let us say, the manorial system of the early Middle Ages, where communication and transport were difficult, and where custom ruled and knowledge was very limited, the opportunities for the entry of disequilibria were comparatively few. But to-day the opposite is the case.

Consider for a moment the effect of every new development in science as and when it gets carried into commercial application, and include with such causes all the ingenuity of the inventor. Look at the effect of political theories as affecting methods of taxation, different modes of government, the development of particular national policies, and, above all in this sphere, consider the influence of national and individual fears through political insecurity. Then turn your eyes to the never ceasing changes in the demand of the consumer. There is something in us which, as I have already noted, needs the stimulus of change and variety. Men and women seem to be born already endowed with different outlooks, different tastes, different prejudices, likes and dislikes. Nor can one predicate that what was is likely to continue indefinitely. Emotional changes bring economic development.

Fashion moves from season to season. Increase or decrease of public security has its effect upon application to production, upon willingness to work, upon habits of saving, and so upon the standard of living. Social ideas ranging out over the distribution of the products of industry through the income structure may, by means of the agency of taxation, profoundly modify the different layers of demand. The great rise in the cost of social services in a community is due to a more lively appreciation of long period advantages against short period expenditure. Different standards are obvious, for instance, in this respect between this country, the United States and the countries of Southern Europe.

The swings of the trade cycle, arising from the psychology of those responsible for the direction of commerce and enterprise, or perhaps from the consequential effects of long periods of peace, or short periods of war, or from the vagaries of weather conditions as affecting crops throughout the world, profoundly modify the basic conditions from which human demands ultimately spring.

Consider for a moment how this welter of factors of change is, through the modern marvels of communication, not limited to the area in which any new development takes place, but is immediately, through the press, the wireless and the more rapid transmission of personal

conversations made possible by rapid transport, disseminated over the whole civilised world. Where the press reaches down to the great mass of the population there is a quickened grasp of such facts, and a more instantaneous consequential effect through the decisions of those who see in the march of events possibilities of profitable action.

We have, therefore, not only a complex structure, but one in which the number of possible movements is beyond our reckoning. Consider how every movement tends to set in motion forces bringing about a fresh equilibrium. Reflect how necessary it is that these changes should take place in order that the pressure arising there from upon other factors should not give rise to friction. Then contrast with this necessity the tendencies towards immobility which I have briefly outlined. There is instinct in all of us a natural desire for security, for permanence, and for the absence of disturbance. As each of us grows older, this wish for stability more often increases than decreases. We can see that it is in essential conflict with the readjustments that modern economic life constantly demands. The progress of the many undoubtedly brings disaster in its train for the few. I have heard the question posed: What attitude is a man to take should an idea come to him for achieving some effective economy, when he knows quite well that to give effect to it is likely to mean the dismissal of a number of his mates or colleagues, and possibly to render insecure or unnecessary his own particular occupation?

That question brings me to my conclusion. I started by reminding you of the statement that economics is a dismal science. I want to conclude by a protest against the soullessness of the economic system when carried to the logical end of rigid competition. I know, of course, that the social instincts to which I have already referred have mitigated in this country at least a very large measure of the full effects of *laissez faire*. My emphasis goes somewhat further. It is that the highest state of economic efficiency, the loftiest form on which we must set our eyes, is to secure and maintain equilibrium between different economic factors. That brings economics, I fear, into the realm of ethics, but an ethical spirit alone, in my view, will be insufficient to shoulder aside disequilibria. A lack of balance must always mean that some are obtaining advantages at the cost of others. Selfishness goes to sustain such a position. Fair-mindedness goes to correct it. It is, therefore, not sufficient in applying economic principles to any problem before us to carry the reasoning on from one logical step to another, without asking at the same time how best one may contribute to the necessary harmony between different economic factors. A fair deal is the secret of economic stability.

I told you that I hoped not to talk like a text-book. You will no doubt agree that I have succeeded admirably in departing from the high standard such books set by wandering in this desultory fashion over a wide field, skipping from point to point without any particular methodical order, but I hope at least that I have succeeded in imparting to you some conception of the intimate links between a few main economic principles. You may hope that a successful final result may be the end of your study of economics. I hope you will be wrong, for in my view no one can become a leading or even successful accountant unless through his whole life he keeps economic principles and their application constantly in mind in resolving the problems with which life will inevitably confront him.

Discussion.

Mr. RING: With regard to the economic tendency toward giving the greatest satisfaction at the minimum of cost, as our Lecturer stated, that applied to ordinary

items of individual conduct; but it can be seen that it spreads also to nations in the recent tendency, as regards international trade, to buy in the cheapest market. Well, is that compatible with high civilisation? Do you say that a country that produces at a very low cost, where the people live on a far lower standard than we do in this country, should be allowed to do so, and that a civilised country with a high economic order should buy from such people to the detriment of their own countrymen?

The LECTURER: That raises a very big issue; it is an extremely difficult question. There is much to be said for one view and for the other. It raises the whole question of the competition of the East with the West, and that leads one into an analysis of the basis upon which that competition rests. It extends into the whole field of money, because of the different degrees of competition, exchange depreciation, the standard of living and so forth. But, broadly speaking, one has to distinguish between temporary and long-distance effects. One has to remember that in the days of the industrial revolution in this country we were applying the same principles. But finally one has to be guided by the fact that international trade must rest upon the theory of comparative costs—a subject upon which I did not touch. The fact that there may be different standards of living in different countries does not necessarily interfere with trade between them. There may be, and I think there always will be, at times of new development in Eastern nations with different standards of living, periods of extreme difficulty, but my own view is that over the long period those difficulties will tend to iron themselves out, provided you do not get too much interference by Governments, based on a short-time effect, designed to drive out the economic forces I have described. There are very few nations that trade with one another of whom it can be said that they are equal in all respects. Equality becomes a matter of subjective judgment. The publications of the International Labour Office show that you have a very different level between this country, shall I say, and Poland, and looking the other way, between this country and the United States. It is extremely difficult to say where one puts the actual degree of comparison, but I do not believe that in the long run these differences will prevent a very fruitful volume of international trade. Experience in the past has rather tended to show that, as nations develop their own productive power, the volume of international trade and the total volume of world production tends rather to grow than to diminish.

Mr. A. A. GARRETT, B.Sc.: I think the Society is very much indebted to Dr. Coates for his lecture, and for having compressed into a speech of forty minutes a very wide range of economic knowledge and experience. In the course of his lecture Dr. Coates referred, incidentally, to an individual described as the "economic man." The "economic man" is the figure around whom at one time much economic teaching centred. He seemed to be the sort of gentleman who took the shortest cut for the largest pay in a job involving the least possible amount of work, providing he could do so without finding himself in serious trouble. (Laughter.) On the other hand, his personal habits seemed to be beyond reproach. He was frugal, he was constantly choosing between frugality and prudence, and he came down on the side of frugality. He preferred to spend his holidays in Southend instead of in Switzerland, and chose a fifty-shilling suit rather than a Savile Row product. (Laughter.) I think some of our better nature and some of our lower nature were embodied in the "Economic Man"; at any rate he was a convenient fiction, but a fiction in which we could find reality. His actions, and the motives which prompted such actions could be seen particularly in relation to the constant making of such choices as Dr. Coates referred to in his lecture. I believe there is a new phase of economics which is coming upon us, if it has not already taken shape. Professor Robbins seems to consider that economics is largely concerned with the study of the scarcity of means to achieve given ends. Now, scarcity was the keynote of the economic teaching of the early nineteenth century.

Adam Smith, Ricardo and Malthus were all concerned with scarcity, but I suggest that the basis is now entirely changed. Nowadays we are not concerned with scarcity, but with the discovery of the best means of distribution and how to use to advantage the prolific production which science and Nature have placed at our disposal. I should appreciate a word from Dr. Coates on that particular point. I do not say that the study of scarcity in regard to individuals and in regard to certain activities is not valuable. That most valuable chapter on Value by Marshall, in his book of Principles, I regard as one of the most enlightening contributions to economic thought and method. He assumed the occurrence of varying degrees of scarcity over short and long periods. His statement of the economic doctrine of value remains and will remain true, irrespective of changes in production and distribution. Economists and economics have been challenged, but I wonder how we could deal with current problems if we had not at our disposal the methods of analysis and the type of thought which Dr. Coates has indicated with so much lucidity in his lecture.

The LECTURER: I agree with Mr. Garrett that there is much in present day facts which seems to justify the doctrine of plenty, *i.e.*, that the economics of to-day are economics of plenty and not of scarcity. But in my view that argument is much over-stressed. There is a great tendency to concentrate on the productive effects on manufacture of advances in science and engineering, &c., generally expressed through the greater use of machines, but I think there is a tendency to overlook the fact that only a small proportion of the people employed are engaged in productive or manufacturing occupations. Economically, it is correct, of course, to say that goods are not finally produced until they have reached the table of the ultimate consumer. Now that involves many processes other than that of producing these goods in the factory. A large area of production—true production—is concerned with all forms of distribution. One has to extend one's view over all the services that are required—banking, insurance, transport and so forth. After all, life is not only producing. Life is not satisfactory unless you end up by consuming, and consumption requires services. Services are required in the home, in sport, in art, in the theatre and the concert. Have you ever observed a bassoonist pour out music in a larger quantity than he did twenty years ago? Can you imagine an actor doing more work? True, you get more in the pictures, but that is in the sense of wider distribution. I doubt very much whether it is possible to add to the productive efforts, *vis-a-vis* quantity, of the surgeon or the dentist. The great mass of people are occupied in services of the kind I have referred to, and there plenty is not nearly so evident. When you come to spread the increase in the plenty which may be gained through the factory over the whole gamut of life, then the percentage of one is not nearly so impressive as the other. I wonder if any of you have read Barbara Wootton's "Plan or No Plan." If one carries the conception of real plenty to its final conclusion, *i.e.* that each of us should be able to have all the things we want, then one inevitably comes to the conclusion that that period is far distant even in a place like Great Britain. In fact, Barbara Wootton goes so far as to say that it is doubtful, with our knowledge and all the labour available, whether we could multiply by much more than two all the present output of goods and services, within two or three years. I believe there is a great exaggeration among us in regard to what is called the economics of plenty.

Sir STEPHEN KILLIK, F.S.A.A., in proposing a vote of thanks to Dr. Coates, said: Dr. Coates has called his lecture "Economics and its Principles." I have heard it stated that economists have no principles, and I think it must have been under a similar impression that, when I was sitting next to an eminent banker at dinner the other evening, I approached him on the question of economics, he turned to me sternly and said, "I am not an economist, I am a banker." That impression is not lessened by the quotation our Lecturer gave from

Professor Robbins, who said that economics has been concerned with the aspect of behaviour which arises from the scarcity of means to achieve given ends. I do not propose to follow that subject, because it might lead to where one is not particularly anxious to go. I am, however, quite sure from my knowledge of Dr. Coates, that he would not lend himself to any subject which might be considered in any way doubtful. He has referred to the epithet which has been applied to economics, viz, the "dismal" science. I think you will agree that, having heard Dr. Coates, this description must be inaccurate, for in his hands the subject acquires an attraction and a fascination at least equal to the best of the addresses we have heard in this hall. For that reason I propose that we offer to Dr. Coates our sincere thanks for his very interesting and informative address.

Mr. ERNEST E. EDWARDS, in seconding the vote of thanks, said: It is a great pleasure to me to be associated with this vote of thanks to Dr. Coates. Whether or not economics is a dismal and gloomy science, to-night we have at least had a cheerful and delightful commentator, and his lecture has demonstrated to us that economics and lucidity need not always be divorced. His treatment of the subject, I think, was a model of perspicuity throughout, and those of us who have listened to him must have derived a great deal of benefit. I was particularly attracted by the fact—I hope he will pardon my using his own phraseology—that he is an adept in gauging the consumptive power of his audience. He has given the greatest measure of satisfaction to his audience to-night, and he did not go to those lengths where there was any danger of a diminishing margin of utility.

The vote of thanks was carried by acclamation.

The proceedings terminated with a vote of thanks to the Chairman.

QUESTIONS IN PARLIAMENT.

Taxation.

On April 25th, Mr. TINKER asked the Financial Secretary to the Treasury the percentages of direct and indirect taxation for the years 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, and 1933?

Mr. HORE-BELISHA: The percentages are as follows:—

Financial Year.	Direct %	Indirect %
1923-24	63.46	36.54
1924-25	66.93	33.07
1925-26	66.02	33.98
1926-27	64.46	35.54
1927-28	64.73	35.27
1928-29	63.97	36.03
1929-30	64.15	35.85
1930-31	65.77	34.23
1931-32	65.88	34.12
1932-33	60.97	39.03
1933-34 (approximate) ..	60.28	39.72

Income Tax.

On May 14th, Sir W. PRESTON asked the Chancellor of the Exchequer if a taxpayer has made a correct return of his income, has been duly assessed on such return, and has paid the tax demanded, is it the practice of his Department if the Income Tax Authorities subsequently find the assessment has been fixed too low to allow the collector of taxes to re-open the matter and demand payment of a larger assessment unless it is proved the original return was inaccurate, or that further facts have been brought to light?

Mr. HORE-BELISHA: If my hon. Friend will furnish me with particulars of any case that he has in mind, I will make inquiry and communicate with him further.

Income Tax (Co-operative Societies).

On May 9th, in reply to a question by Mr. CAPORN, the Financial Secretary to the Treasury said that the special inquiry which was instituted in order to ascertain the increased liability to income tax resulting from last year's legislation regarding industrial and provident societies has now been completed, and shows that the additional income tax payable for the year 1933-34 amounted to £1,250,000, as against the Budget estimate of £1,200,000.

Foreign Controlled Factories.

On May 7th, in reply to a question by Sir R. GOWER, the Parliamentary Secretary to the Board of Trade stated that in 1932, 122 factories employing 25 or more workers were established by, or with the assistance of, foreign concerns, and were employing about 8,500 workers at the end of April, 1933. In 1933, 37 such factories were established, and were employing 3,465 workers at the end of December, 1933. The number of foreign workpeople included in these figures could only be ascertained by individual investigation, but it is known to be quite small.

Penny Postage.

On May 7th, in reply to a question by Sir M. MANNINGHAM-BULLER, the Postmaster-General stated that the estimated cost of restoring penny postage and reducing the postcard rate to ½d. is between 6½ and 6¾ million pounds.

Registered Companies (Capital).

On May 14th, Mr. POTTER asked the President of the Board of Trade if he will state the amount of the share capital of the joint stock companies, both private and public, registered in England and Wales during the year ended December 31st, 1933, or the nearest appropriate date; and the comparative figures for the four previous years?

The PARLIAMENTARY SECRETARY TO THE BOARD OF TRADE (Dr. Burgin): In round figures, the nominal capital of public and private companies registered in England and Wales in the year ended December 31st, 1933, was £93,500,000. The corresponding figures for the years 1929 to 1932, inclusive, are respectively £229,500,000, £104,000,000, £58,000,000 and £70,000,000.

Mr. POTTER asked the Financial Secretary to the Treasury if he will state the amount of the share capital of the companies registered under the Friendly and Provident Societies Acts in England and Wales during the year ended December 31st, 1933, or nearest appropriate date, and the comparative figures for the four previous years?

Mr. HORE-BELISHA: As the answer involves a number of figures, I will, with my hon. Friend's permission, circulate it in the Official Report. The following is the answer:

It is presumed that the question relates to societies registered under the Industrial and Provident Societies Acts, 1893 to 1928. The share capital of societies in England and Wales registered under these Acts at the end of 1932, the latest date for which figures are available, and the comparative figures for the four previous years were as follow:—

1932	£126,249,867
1931	122,438,476
1930	116,945,781
1929	110,345,063
1928	103,448,023

Reviews.

Taxation Practitioners' Guide. By G. B. Burr, *Chartered Secretary*, and Ronald Staples. London: Gee & Co. (Publishers), Limited, 6, Kirby Street, E.C. (55 pp. Price 7s. 6d. net.)

Practising accountants will find in this publication a good deal of useful information with regard to the settlement of Income Tax computations and the making of claims, &c. The matter, which is arranged alphabetically under convenient headings, is very brief, but embodies many points of controversial character and gives references to decided cases, and sometimes also to sources where further information can be obtained, at the same time indicating the general effect of the decisions as well as any arrangement arrived at with the Board of Inland Revenue. The book is in looseleaf form.

Bankruptcy, Deeds of Arrangement and Bills of Sale. By W. Valentine Ball, *Master of the Supreme Court*, and Donald Geddes, *Barrister-at-Law*. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway. (434 pp. Price 21s. net.)

This is a very comprehensive treatise on the subject of bankruptcy to which the main portion of the book is devoted. Deeds of Arrangement and Bills of Sale are only briefly discussed in the two concluding chapters. The book appears to be written mainly for the use of the legal profession, but the needs of accountants are also borne in mind. The procedure in the Bankruptcy Court is fully described, commencing with the steps leading up to the Receiving Order. Subsequently the authors deal with meetings of creditors and committee of inspection, the appointment and powers of Trustee, the realisation of the debtor's property, the position with regard to secured and execution creditors, &c. Following these are chapters on the disclaimer of onerous property, protected transactions and reputed ownership. Finally the procedure in regard to the estates of deceased insolvent debtors is explained.

Profits and Balance Sheet Adjustments. By P. Taggart, *F.S.A.A.* London: Sir Isaac Pitman and Sons, Limited, Parker Street, Kingsway. 130 pp. Price 5s. net.)

The main feature of this book is that it deals with the problems of reserves, sinking funds, and depreciation funds in their relation to circulating capital and its utilisation. The book is based on notes of lectures given by the author to students taking a degree in Commerce at the University of Liverpool, which he has found useful in conveying a sound grasp of accounting methods and principles. Amongst the subjects discussed are the replacement of capital assets, hire-sales profits, a review of balance sheet valuations, and reading the balance sheet of a going concern.

Executorship and Law Accounts. By V. H. M. Bayley, *F.C.A., A.S.A.A.*, and E. Westby-Nunn, *LL.B., Barrister-at-Law*. London: Macdonald and Evans, 8, John Street, Bedford Row, W.C.1. (218 pp. Price 7s. 6d. net.)

In writing this book the object of the authors has been to help the student to distinguish that which is of importance for his intermediate examination from the more advanced knowledge required when he proceeds to the final, thus enabling him to concentrate more effectively on those points upon which he will be tested in the examination room. The book must therefore be regarded mainly as a basis of preparation for the intermediate candidate. A feature of the work is the number of examples which are supplied.

Company Secretarial Practice. 2nd Edition. By Alfred Palmer, *A.S.A.A.* London: Longmans, Green & Co., Limited, 39, Paternoster Row, E.C.4. (356 pp. Price 6s. net.)

The scope of this work has been determined mainly by the examination requirements of the Chartered Institute of Secretaries and the Incorporated Secretaries' Association, although at the same time it contains a good deal of information which will be found useful for reference by secretaries and others concerned in the administration of public companies. Throughout the book there are produced numerous forms in general use in relation to company affairs.

District Societies of Incorporated Accountants.

LONDON.

ANNUAL GENERAL MEETING.

The fifth annual general meeting was held at Incorporated Accountants' Hall on May 25th. Mr. Joseph Stephenson presided. In moving the adoption of the report, Mr. Stephenson said it was encouraging to record increased support by members during the past year. He referred to the Incorporated Accountants' Course at Cambridge in July next, and expressed the hope that members of the District Society would do all they could to encourage the younger Incorporated Accountants to attend this Course.

The following retiring members of the Committee were re-elected: Mr. J. R. Maskell, Mr. William Paynter, Mr. W. A. Pearman, Mr. J. Scott-Moore, Mr. A. J. H. Shay. Mr. C. B. Hewitt was re-elected as Hon. Auditor.

On the motion of Mr. Witty, seconded by Mr. Pearman, a vote of thanks was accorded to Mr. Stephenson for his services to the Society during his year of office.

At a meeting of the Committee held immediately after the annual general meeting, Mr. Walter Holman was elected Chairman, and Mr. Henry Morgan was elected Vice-Chairman, for 1934-35. Mr. Edward Baldry was elected Honorary Treasurer, and Mr. A. A. Garrett and Mr. Ernest E. Edwards were re-elected Secretaries.

Report.

In submitting the annual report for the year ended March 31st, 1934, the Committee are pleased to record a period of gratifying success, the meetings and functions being well attended.

Incorporated Accountants' Hall, at which all meetings were held, was the centre of activities, and the facilities granted by the Society of Incorporated Accountants and Auditors for its use were greatly appreciated.

On November 21st, 1933, Lord Melchett opened the session with a lecture on "Accountancy Methods as a factor in the Economic System."

On January 3rd, 1934, Professor A. M. Carr-Saunders, M.A., J.P., the principal guest at luncheon, delivered an address on "Professional Organisation." His plea for closer co-operation between the Universities and the profession of accountancy aroused considerable interest.

A topical lecture by Mr. Raymond Needham, K.C., on "Some Income Tax Questions" was delivered on January 30th, 1934, and evoked keen interest and a lively debate.

The Officers and Committee desire to express the thanks of the Society to those gentlemen who addressed the Society during the year. Their addresses, together with the ensuing discussions, were fully reported in the *Incorporated Accountants' Journal*.

Two dances were held, one in November and the second in March, and both were well supported by members and their friends. The Chairman and Committee had the

pleasure of entertaining a number of distinguished guests at the various meetings and functions.

The Committee trust that the increased support which was notable in the year under review will be maintained during 1934-35, the programme for which is in course of preparation.

BENGAL.

Lectures have recently been delivered by Mr. G. Basu, B.A., F.S.A.A., on "Cost Accounts," and by Mr. S. K. Kar, B.Sc., A.S.A.A., on "Stock Exchange Transactions." Both were well attended by members and students.

Arrangements have been made for further lectures as follows :—

"Reserve Bank for India," by Mr. M. M. Roy, M.A., Cert.A.I.B.

"Some Aspects of Banking Law," by Mr. J. P. Mitter, B.A., Barrister-at-Law.

HULL.

Annual Report

The Committee have pleasure in presenting their fifth annual report for the year ended March 31st, 1934.

MEMBERSHIP.

There are 171 members, including 82 Incorporated Accountants and 89 students. The number of members in 1933 was 160.

MEETINGS.

The following meetings and lectures were held during the 1933-34 sessions, the average attendance being 23 :—

"Mercantile Law," by Mr. C. A. Sales, LL.B., F.S.A.A.

"Examination Suggestions and Hints," by Mr. F. R. Cartwright, LL.B.

Students' Night. Three ten-minute Papers.

"Economics after the World Conference," by Mr. F. J. Lewcock, F.R.Econ.S.

"Income Tax," by Mr. S. A. Spofforth, A.S.A.A.

"Executorship Accounts," by Mr. A. Lord, A.S.A.A.

"Partnership Law and Accounts," by Mr. Walter W. Bigg, F.S.A.A.

"Auditing," by Mr. Wm. Munro, A.S.A.A.

"Company Law," by Mr. E. Westby-Nunn, B.A., LL.B.

"Economics of Costing," by Mr. W. H. Stalker, A.S.A.A.

"Secretarial Law and Practice," by Mr. J. Harward, A.S.A.A., F.C.I.S.

Students' Night. "Bankruptcy." Preceptor: Mr. D. Morgan, A.S.A.A.

EXAMINATIONS.

The Committee feel that the members will desire to congratulate the Students who were successful at the examinations of the Parent Society held during 1933. Four passed the Final (one with Honours), and ten the Intermediate.

COMMITTEE.

The following members retire by rotation, but, being eligible, offer themselves for re-election :—Mr. D. Morgan, Mr. A. E. Norfolk and Mr. J. Wood.

AUDITORS.

The Honorary Auditors, Mr. R. M. Brodie and Mr. W. R. Smith, retire, but, being eligible, offer themselves for re-appointment.

DANCE.

The second District Society dance was held on March 21st. One hundred and fifty-four members, students and friends were present, and the Committee believe that all participants enjoyed a very pleasant and successful evening.

In conclusion, the Committee desire to express their appreciation of the assistance given and services rendered by various members during the past year, and trust that

reciprocal appreciation will be expressed by a more extensive and individual participation in the activities and objects of the Society.

LIVERPOOL.

Annual Report.

The Committee has pleasure in presenting its report upon the work of the Liverpool District Society for the year ended March 31st, 1934.

MEMBERSHIP.

The Membership of the Society is as follows :—

Fellows	..	..	70
Associates	..	..	208
Students	..	..	224
			<hr/> 502

MEETINGS.

The following meetings have been held during the year :—

Visit to Liverpool Aero Club, Hooton.

Visit to Municipal Offices, Liverpool: Address by Mr. J. H. Robinson, A.S.A.A.

Students' Impromptu Speeches.

"Economic Policy during the next Fifty Years," by Professor J. H. Jones, M.A.

"Deeds of Arrangement Procedure," by Mr. Charles M. Dolby, F.S.A.A.

Joint Debate with Liverpool Chartered Accountants Students' Association.

"The Banker and the Accountant," by Mr. J. M. Furniss, General Manager, Martins Bank.

Joint Discussion with Institute of Cost and Works Accountants (Liverpool Branch).

"The Accounts and Balance Sheets of Non-Trading Concerns," by Mr. W. A. Kieran, A.S.A.A.

"Receivers," by Mr. C. Allison Sales, LL.B., F.S.A.A.

"The Duties and Liabilities of Executors," by Mr. Bertram B. Benas, B.A., LL.B.

"Duties of Accountants in relation to Investigations," by Mr. W. H. Grainger, F.S.A.A.

"Sale of Goods," by Mr. E. Westby Nunn, B.A., LL.B.

Ten Minute Papers by Members: "American Audit Methods," by Mr. Allan Birchenough, A.S.A.A.;

"Investigations," by Mr. James W. Brown; "Farm Accounts," by Mr. T. H. McDowell, A.S.A.A.

"The Future of Industrial Organisation," by Professor G. C. Allen, M.Com., Ph.D.

"Bankruptcy," by Mr. James Allcorn, Official Receiver (Joint Meeting with Chartered Institute of Secretaries, Liverpool Branch).

Discussion on "Executorship Accounts, including Apportionments," opened by Mr. W. R. Booth, A.S.A.A.

"Partnership Law," by Mr. E. Westby Nunn, B.A., LL.B.

"The City Page," by Mr. J. C. Rea Price, City Editor, the *News Chronicle*.

The Committee desires to record its grateful thanks to the Lecturers, to the Constitutional Club and to the Directors and Officers of the Liverpool Aero Club.

ANNUAL LUNCHEON.

At the annual luncheon held at the Exchange Hotel on December 1st, the speaker was Mr. F. Greenwood, the Registrar of Joint Stock Companies.

MEMBERS' DINNERS.

Four informal members' dinners were held during the year, our guests including Mr. Richard D. Holt (Chairman of the Mersey Docks and Harbour Board), the Mayor, the Town Clerk and the Borough Treasurer of Southport,

Professors G. C. Allen, E. R. Dewsnap and J. H. Jones, Mr. J. M. Furniss (General Manager of Martins Bank), the City Editors of the *News Chronicle* (Mr. J. C. Rea Price) and the *Liverpool Daily Post* (Mr. Alfred Wetherell), and Mr. H. G. Alexander (President of the Liverpool Society of Chartered Accountants). It is hoped to hold further members' dinners next session.

LIBRARY.

Increasing use is being made of the Library and Reading Room, many members now taking advantage of the facilities provided for private study.

CONSULTATIVE COMMITTEE.

It will be recalled that a year ago a Consultative Committee was set up by the Liverpool Society, to advise members on difficult points of practice. Seventeen cases, of considerable interest and complexity, have so far been submitted, and it is thought that the experiment has been of value to members. The Consultative Committee is therefore being re-appointed, and it is hoped that members will continue to avail themselves of the facilities provided.

STUDENTS' SECTION.

Under the auspices of the Students' Section, Revision Classes have again been held at the Library prior to the examinations, while other Students' Meetings have been held following the Ordinary Meetings of the Society. The Students' Section was responsible for a Joint Debate with the Liverpool Chartered Accountants Students' Association on November 2nd, and for the usual Meeting for Impromptu Speeches, the prize winners on that occasion being Mr. J. Barclay Adams and Mr. W. R. Spencer.

EXAMINATIONS.

The Committee extends its congratulations to the Student Members who were successful at the examinations of the Parent Society. Six passed the Final and ten the Intermediate.

The following Liverpool Prizes have been instituted during the year for Student Members taking Honours at the examinations of the Parent Society in future.

Final Examination: First Place	£5 5 0
Other Honours Places	.. £2 12 6
Intermediate: First Place	.. £3 3 0
Other Honours Places	.. £1 11 6

LIVERPOOL CHAMBER OF COMMERCE.

Mr. Alan Standing continues to represent the Society on the Council of the Liverpool Chamber of Commerce. During the year, the Society has been elected to a second seat on the Council of the Chamber, this seat being occupied by the President.

OBITUARY.

We record with great regret the death of Mr. William Chadwick, Mr. J. H. Kemp and Mr. Wallace Smith, Fellows of the Society.

COMMITTEE.

The retiring members of the Committee are Mr. Ernest Chetter, Mr. F. J. Coombes, Mr. E. S. Goulding, Mr. A. Hannah and Mr. Alan Standing, who are eligible for re-election. During the year, Mr. C. Henry Huntley resigned from the Committee, having left the district.

HONORARY AUDITOR.

Mr. Samuel Woodyer, the retiring Auditor, having been nominated for election as a member of the Committee, does not seek re-appointment. Mr. R. Duncan French, C.C., has been nominated in his stead.

NORTH LANCASHIRE.

(BURNLEY AND DISTRICT STUDENTS' SECTION).

Annual Report.

The Committee have pleasure in submitting the results of the second session, and regret that the members

generally have not supported the organisation as much as in the first session.

The membership at the date of the report is:—

Students	.. .. 24
Incorporated Accountants	.. 27

The average attendance at the lectures and discussions has been twelve, and the following have taken place:—

"Interest Calculations in connection with Hire-Purchase Accounts," by Mr. W. Ashworth, F.S.A.A.

"Extracts from an Accountant's Note-book," by Mr. Percy Toothill, F.S.A.A.

"Electricity Undertakings—Finance and Accounts," by Mr. J. Campbell, F.S.A.A. (Borough Treasurer of Accrington).

Students' Lecturettes.

Joint Debate with District Society at Preston. Subject: "The Registration of Accountants."

"Dominion Income Tax," by Mr. W. Burrows, A.S.A.A.

Nine students have been successful at the Parent Society's examinations during the period under review, five in the Preliminary, one in the Intermediate, and three in the Final.

The following members of the Committee retire, but are eligible for re-election:—Students: Mr. Tom Sharratt. Incorporated Accountants: Mr. W. Burrows, Mr. W. Ashworth, and Mr. H. Askew Smith.

The two years' working of the Students' Section has shown the possibilities of usefulness in a society of this kind, particularly in assisting students in their examinations and in their professional career, and the Committee seek the co-operation of all members in the area.

SOUTH WALES AND MONMOUTHSHIRE.

(CARDIFF AND DISTRICT STUDENTS' SECTION.)

ANNUAL MEETING.

The annual general meeting, held on May 7th, was presided over by Mr. V. F. Alban, A.S.A.A., and there was a large attendance of members.

The report of the Hon. Secretary on the work of the past session was received, and reference was made to the general all-round success of the various activities. Votes of thanks were unanimously accorded to the Lecturers and to the Officers, Committee, Prize Essay Scheme Judges and Sports Secretaries for services rendered during the past session.

The appointment of officers for the session 1934-35 resulted as follows:—Chairman and Students' Representative on the District Committee: Mr. Noel Cliffe, A.S.A.A. Vice-Chairman: Mr. J. T. Jones, Hon. Secretary: Mr. J. Alun Evans. Committee: Mr. V. F. Alban, A.S.A.A., Mr. D. R. Carston, Mr. R. R. Davies, A.S.A.A., Mr. B. S. Horspool, A.S.A.A., Mr. G. M. Richards, Mr. J. S. Price, and Mr. A. G. Pallot.

Mr. R. R. Davies, A.S.A.A., and Mr. J. T. Jones were re-elected Sports Secretaries, and Mr. D. R. Carston was the students' nominee for the position of Librarian.

Mr. Noel Cliffe, in expressing thanks for the honour conferred upon him by his election as Chairman for the forthcoming session, stated that his connection with the Students' Section extended over a period of five years. He said that it would be helpful if the present members took an interest in new members on their initial appearance at meetings. He acknowledged his indebtedness to a past Chairman (Mr. Ivor Davies) for the warm welcome accorded him on his first appearance at a students' meeting. Mr. Cliffe also expressed the hope that the new and younger members would take part in the discussions next session. The reports indicated that the majority of

questions last session were submitted by two or three members only. Members who took an active part always derived a greater benefit.

It was agreed to continue the Prize Essay Scheme, and the following judges were appointed for the ensuing session:—Mr. V. F. Alban, A.S.A.A., Mr. Noel Cliffe, A.S.A.A., Mr. Ivor Davies, A.S.A.A., Mr. R. R. Davies, A.S.A.A., Mr. E. J. Wade, A.S.A.A., Mr. K. S. Williams, A.S.A.A., Mr. B. S. Horspool, A.S.A.A., and the Hon. Secretary.

Report.

The following are extracts from the report:—

LECTURES.

The syllabus of lectures delivered during the session was as follows:—

"The Services of Accountants in Relation to Duties and Liabilities of Executors and Trustees," by Lieut.-Col. R. C. L. Thomas (President of the District Society).
Mock Shareholders' Meeting.

"Some Practical Points on Banking," by Mr. H. B. Meredith (Barclays Bank Ltd., Cardiff).

Joint Debate (at Newport) between the Cardiff and Newport Students' Sections: "That the reduction in wages delays the return of prosperity."

All the meetings were interesting and helpful, the mock shareholders' meeting and the joint debate again attracting the largest attendances. The President (Lieut.-Col. Thomas) gave a most interesting lecture on Executorships, and Mr. H. B. Meredith, of Barclays Bank Ltd., Cardiff, gave some useful points on Banking. The average attendance for the session (including visitors) was 24, compared with 21 in the previous session. The appeal for a better attendance of students, which was made at the annual meeting of the District Society last year, was only partially realised, and again this opportunity is taken of expressing the hope that principals will do their utmost to induce their clerks to attend the meetings, and especially to impress upon new members the many advantages to be gained from active membership of the Students' Section.

PRIZE ESSAY SCHEME.

The Prize Essay Scheme continues to be most attractive and the competition for prizes becomes more keen every session. The papers delivered were of a high standard, and for the second successive year it was found necessary to divide the second prize. The judges are gratified with the continued success of the competition, but they would like to see an improvement in the contributions to the discussions.

Prizes were awarded to the following competitors:—For the best paper: 1st prize, Mr. J. T. Jones; 2nd prize (divided), Mr. A. G. Pallot and Mr. W. R. Matthews; prize for the best contribution to the discussions, Mr. G. M. Richards.

The students greatly appreciate the action of the District Society in defraying the cost of the prizes and the arrangements made for the presentation of the prizes at the annual dinner of the District Society.

Early in the session, Mr. K. V. Stephens, A.S.A.A., resigned his position as one of the judges. The Committee desire to express their indebtedness to him for the valuable help he has rendered to the Students' Section for many years.

EXAMINATIONS.

It is always a pleasure to record the successes of members at the examinations. Eight passed the Final, six the Intermediate, and three the Preliminary examinations during the year.

LIBRARY.

Considerable reorganisation of the library took place in the latter part of 1932, and during 1933 further books have been added, making a total stock of 388 volumes.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Examinations—Glasgow Centre.

The Society's examinations for Scottish candidates were held in the first week of May at Glasgow, when twenty-seven candidates presented themselves. The Secretary of the Scottish Branch and Member of Council was in charge, and was assisted by Dr. John Bell, Mr. W. Davidson Hall, Mr. Wm. Houston, and Mr. J. Hawthorne Paterson.

The Solicitors (Scotland) Act, 1933.

The Scottish Solicitors have not been long in taking action under the above Act. As the result of a test case decision given by the Sheriff-substitute at Edinburgh, marriage agents will have their business affected unless they are solicitors. A woman employed by a marriage agency was charged with having on March 16th or 17th last presented a petition to the Sheriff for warrant to register an irregular marriage, this petition being a writ relating to a legal proceeding, contrary to the Solicitors (Scotland) Act, 1933. The respondent pleaded not guilty. The Sheriff-substitute held that the charge was relevant, and on the facts being admitted held the respondent guilty, but, this being the first case under the Act, did not impose any penalty, but admonished the respondent.

Glasgow Municipal Bank.

The proposals to form a Municipal Bank, referred to in our last issue, having had the formal approval of the Glasgow Town Council, have now taken shape. A company is to be formed to be known as the Glasgow Bank Limited, with a nominal capital of £100, in £2 shares subscribed by the members of the Corporation. The office is to be in the City Chambers, while the Town Clerk and the City Chamberlain will act as Secretary and Treasurer respectively.

Company Law—Alteration of Memorandum.

The Second Division of the Court of Session recently disposed of a petition by the Strathspey Public Assembly and Agricultural Hall Company, Limited, for confirmation of alteration of the Memorandum of Association. The petition was opposed by several shareholders. The company was incorporated in 1877 with a capital of £1,500. The objects were to acquire land in Grantown and to erect a public hall, with shops, &c., the latter to be let to tenants. Recently the buildings were completely destroyed by fire and the insurance received amounting to £3,836 was the whole assets of the company. The company now wished to alter the Memorandum of Association by deleting all reference to a public hall and to substitute as the main object of the company the erection of shops, dwelling houses and warehouses. The petition was opposed on the ground that the alteration completely altered the nature of the company's business.

The Court refused the petition.

The Lord Justice Clerk said he had no doubt at all that the main purpose for which the company was formed was the provision of a public hall where meetings, lectures, auctions, shows, and so on, might be held, and it was for that the original shareholders put their money into the concern. The result of the alteration now proposed would be that the substratum of the company was gone, and it appeared to his Lordship to be so material an alteration in the objects of the company that it should not be forced on the dissentient shareholders, who did not invest their money for any commercial purpose, or for the purposes proposed in the alteration in the Memorandum. If the shareholders had been unanimous in presenting the

petition, it might be that the Court would be entitled to authorise the alteration. But the shareholders were not unanimous, and the objectors represented about one-seventh of the capital. In that situation, he was quite clear that their Lordships ought not to assent to the petition, and he moved that it should be refused.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B.:—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J. *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors Journal*; W.N., *Weekly Notes*; S.C., *Session Cases (Scotland)*; S.L.T., *Scots Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B.&C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., *House of Lords*; A.C., *Appeal Court (House of Lords and Privy Council)*; C.A., *Court of Appeal*; Ch., *Chancery Division*; K.B., *King's Bench Division*; P., *Probate, Divorce and Admiralty Division*; C.S., *Court of Session (Scotland)*; J., *Mr. Justice (King's Bench or Chancery)*; L.J., *Lord Justice*; L.C., *Lord Chancellor*; M.R., *Master of the Rolls*; N.I., *Northern Ireland*; P., *President of Probate, Divorce and Admiralty*.]

COMPANY LAW.

Pearson v. Gee & Braceborough Spa, Limited.

Landlord and Tenant.

The House of Lords held that where a company being a lessee goes into liquidation and the lessor re-enters, relief can be granted against the forfeiture if proceedings are commenced within a year of the winding up, although the application is not heard until after the year has expired.

(H.L.; (1934) W.N., 66.)

Peat v. Gresham Trust, Limited.

Registration of Mortgages.

The House of Lords held that the suffering of a proceeding for the extension of time for registration of a mortgage or charge when a company is insolvent is not necessarily a fraudulent preference.

(H.L.; (1934) W.N., 75.)

EXECUTORSHIP LAW AND TRUSTS.

In Re Ragdale.

Predecease of an Annuitant.

A testator devised and bequeathed the residue of his estate to the Public Trustee upon trust for sale and conversion and to pay one-half of the net income arising from the fund so created to R. and the other half to T., and "from and after their decease" to pay the principal as well as the income to a specified charity. R. predeceased the testator. The question arose whether there was an intestacy as regards R.'s share, and if not, whether it was payable, both capital and income, to the charity or whether R.'s share of income was payable to T. for life.

It was held that there was no intestacy. The clear intention of the testator was to benefit both R. and T. and, on the true construction of the will, the gift over to the charity did not take effect till the death of both the annuitants. The surviving annuitant was entitled, therefore, to the whole of the income from the fund.

(Ch.; (1934) 1 Ch., 352.)

INSOLVENCY.

In Re Small.

Amendment of Proof.

Farwell (J.) held that where in a petition and in a proof the fact that the petitioners hold a security is inadvertently omitted, leave may be given to amend the petition and the proof.

(Ch.; (1934) L.J.N., 255.)

In Re a Judgment Debtor (No. 171 of 1934).

Bankruptcy Notice.

A claim by a debtor for a declaration that the proceeds of property in the hands of third parties are charged with a sum due to the debtor in priority to a sum due to the creditor is not a "counterclaim, set-off or cross-demand," within the meaning of sect. 1 (1) (g) of the Bankruptcy Act, 1914, and is not, therefore, a ground for setting aside a bankruptcy notice.

(C.A.; (1934) 50 T.L.R., 333.)

REVENUE.

Heastie v. Veltch & Co.

Fair and Proper Rent.

Under the terms of a partnership deed one of the partners permitted the partnership to have the use and occupation of premises for the partnership business on the partnership paying to him a rent which, although in excess of the net Schedule A assessment in respect of the premises, had been found by the Commissioners to be a fair and proper rent.

It was held by the Court of Appeal that in computing the profits or gains of the partnership for the purposes of assessment to income tax under Schedule D of the Income Tax Act, 1918, the rent was properly allowed as a deduction, having regard to Rule 3 (c) of the Rules applicable to Cases I and II.

(C.A.; (1934) 1 K.B., 535.)

Golden Horse Shoe (New) Limited v. Thurgood.

Profits or Gains of Trade.

A company which was formed for the purpose acquired the right to take away and re-treat very large dumps of residual deposits resulting from the working of a gold mine and called "tailings." These tailings were known to contain a certain amount of gold, and by a new process of treatment some of this gold was recovered and sold.

It was held that as the tailings were raw material already won and gotten, the amount expended in acquiring them was in the nature of an expenditure on the raw material of the company's trade, and, therefore, that for the purpose of assessing the company's profits or gains the cost of the tailings treated during the period of assessment was a proper deduction from the proceeds realised by the sale of the gold extracted.

(C.A.; (1934) 1 K.B., 548.)

Rye & Eyre v. Inland Revenue Commissioners.

Payment to Person Resident Abroad.

By Rule 21 (1) of the All Schedules Rules in the Income Tax Act, 1918: "Upon payment of any interest of money, annuity, or other annual payment charged with tax under Schedule D, or of any royalty or other sum paid in respect of the user of a patent, not payable, or not wholly payable, out of profits or gains brought into charge, the person by or through whom any such payment is made shall deduct thereout a sum representing the amount of the tax thereon at the rate of tax in force at the time of the payment."

It was held that the words "person through whom any such payment is made" are not to be construed as referring only to an agent of the recipient.

(K.B.; (1934) 50 T.L.R., 296.)

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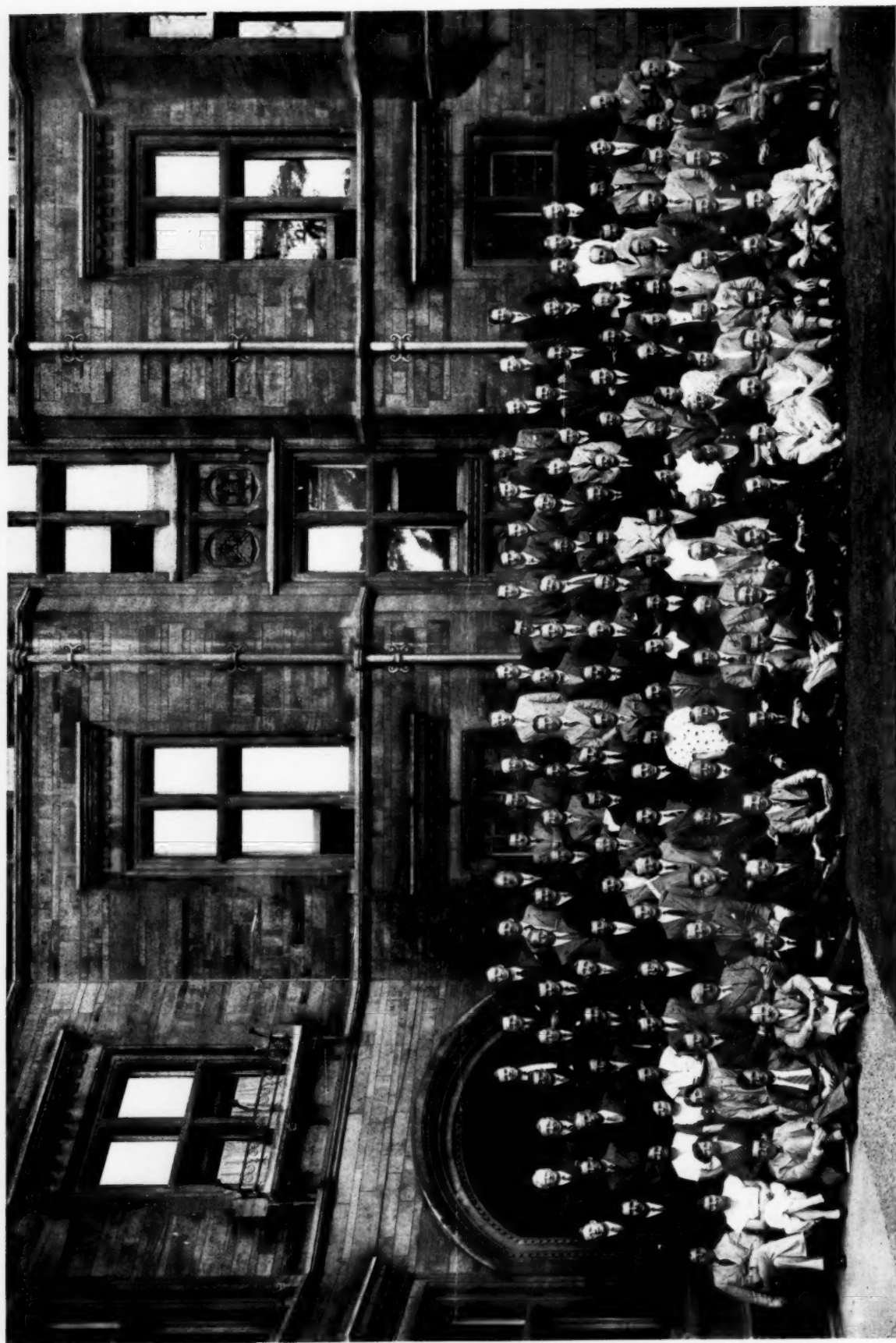
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INCORPORATED ACCOUNTANTS' COURSE
AT GONVILLE AND CAIUS COLLEGE, CAMBRIDGE
JULY, 1934

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